

Table of Contents - NFPWA Nov. 18, 2021 Meeting

1 NFPWA November 2021 Meeting Agenda	2
2 Annual Board Evaluation Form - Authority	4
3 Authority Financial Disclosure Form	5
4 ABO Board Member Training	9
5 Draft NFPWA March 2020 Meeting Minutes	10
6 RESOLUTION 2021-01 - 2020 Performance Measurement and Operations Reports	13
7 2021 Continuing Disclosure Report	16
8 2020 Audit - Financial Statements	44
9 2020 Audit - Report on Investment Compliance	93
10 2020 Audit - Management Letter	94
11 2020 Audit - Required Communications	103
12 RESOLUTION 2021-02 - Authorizing Financial Advisory Professional Services Agreement	107
13 Capital Markets Advisors, LLC Agreement	109
14 RESOLUTION 2021-03 - Refinancing of Series 2013A Bonds	113
15 Draft Twelfth Supplemental Resolution	118
16 FHN Financial RFP Response	132
17 RESOLUTION 2021-04 - Third Amendment to Operation Agreement	210
18 NFWD Resolution 2021-09-005 and Proposed Third Amendment to Operation Agreement	212

AGENDA

Meeting of the Niagara Falls Public Water Authority

November 18, 2021 at 4:00 p.m.
Michael C. O’Laughlin Municipal Water Plant
5815 Buffalo Avenue, Niagara Falls, NY 14304

1. Call to Order

Roll Call: Michael Monaco _____ Jason Murgia _____ Daniel Weiss _____

2. Public Speakers (All speakers must register with Chairman prior to Roll Call and are limited to 3 minutes per person – total time for all speakers may not exceed one hour).

3. Items for Action from Secretary

A. Yearly Reorganization Meeting

a. Nomination of NFPWA Board Officers:

- i. Chair;
- ii. Vice Chair;
- iii. Treasurer (does not need to be Authority member)
- iv. Secretary (does not need to be Authority member)

b. Annual Board Evaluation Form

c. Authority Financial Disclosure Form

d. Required Training - WebEx - [NYS Authority Budget Office](#)

B. Approval of Minutes March 11, 2021

C. RESOLUTION 2021-01 – Report on Operations and Accomplishments and Performance Measurement Report

a. 2021 Continuing Disclosure Report

b. 2020 Independent Audit

- i. Financial Statements
- ii. Report on Investment Compliance
- iii. Management Letter
- iv. Required Communications

D. RESOLUTION 2021-02 – Authorizing Financial Advisory Services Agreement

a. Capital Markets Advisors, LLC, Agreement

E. RESOLUTION 2021-03 – Authorizing the Refinance of Series 2013A Bonds

a. Draft Twelfth Supplemental Resolution

b. FHN Financial RFP Response – Proposal Dated October 20, 2021

- F. RESOLUTION 2021-04 – Approving Third Amendment to Operation Agreement
 - a. NFWB Resolution 2021-09-005, Approving Third Amendment to Operation Agreement With City
 - i. Third Amendment

4. Additional Items for Action

5. Unfinished Business

6. New Business & Additional Items

7. Adjournment of Meeting

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 Water Auth.				
The policies, practices and decisions of the Board are always consistent with this mission.				
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.				
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Water Auth. and reviews these annually.				
The Board sets clear and measurable performance goals for the Water Auth. that contribute to accomplishing its mission.				
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence, pressure or self-interest.				
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.				
Board members are knowledgeable about the Water Authority programs, financial statements, reporting requirements, and other transactions.				
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.				
The Board knows the statutory obligations of the Water Auth. and if the Water Auth. is in compliance with state law.				
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.				
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.				
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.				
The Board has identified the areas of most risk to the Water Auth. and works with management to implement risk mitigation strategies before problems occur.				
Board members demonstrate leadership and vision and work respectfully with each other.				

Date Completed: _____

Niagara Falls Public Water Authority - Annual Financial Disclosure Form

Adapted from:

NIAGARA COUNTY ANNUAL FINANCIAL DISCLOSURE FORM – 2017 Name and Address

First Name Niagara Falls Public Water Authority	Middle Name	Last Name Authority Board Member
Department/Agency or Committee 5815 Buffalo Avenue, Niagara Falls, NY 14304		Title 716-283-9770
Department Address		Phone
Residence Address		Phone

1. Spouse and Dependent Children

Provide the name of your spouse (if married) and names of any dependent children:

Spouse	Child/Age
Child/Age	Child/Age

2. **Financial Interest: Note:** For questions 3 to 6, do not report the exact dollar amounts. Instead, report Categories of Amounts using the following:

Category A: Under \$5,000	Category D: \$25,000-50,000
Category B: \$5,001-10,000	Category E: \$50,001-100,000
Category C: \$10,001-25,000	Category F: Over \$100,000

- a. **Business Positions.** List any office, trusteeship, directorship, partnership or other position in any business, propriety or not-for-profit organization held by you and your spouse and dependent children, if any, and indicate whether these businesses are involved with the NFPWA

Name of Family Member	Position	Organization	Nature of Involvement

b. Outside Employment. Describe any outside occupation, employment, trade, business or profession providing more than \$1,000.00 for a year for you or your spouse and dependent children, if any, and indicate whether any such activities are regulated by any state or local agency.

Name of Family Member	Position	Name, Address Description of Organization	State or Local Agency	Category of Amount

c. Future Employment. Describe any contact, promise or other agreement between you and anyone else with respect to your employment after leaving your NFPWA office or position.

d. Past Employment. Identify the source and nature of any income in excess of \$1,000 per year from any prior employer including deferred income, contributions to pension or retirement fund, profit plan, severance pay or payments under a buy-out agreement.

Name & Address of Income Source	Description of Income (i.e., pension, deferred)	Category of Amount

e. Investments. Itemize and describe all investments in excess of \$5,000 or 5% of the value in any business, corporation, partnership or other assets including stocks, bonds, loans, pledged collateral or other investments for you, your spouse and dependent children, if any.

Name of Family Member	Name & Address of Real Estate	Description of Investment	Category of Amount

- f. **Trusts.** Identify each interest in a trust or estate or similar beneficial interest in any assets in excess of \$2,000 except form IRS eligible retirement plans or interest in an estate or trust of a relative for you and your spouse and dependent children.

Name of Family Member	Trustee/Executor	Description of Trust/Estate	Category of Amount

- g. **Other Income.** Identify the source and nature of any other income in excess of \$1,000 per year from any other source not described above,, including teaching income, lecture fees, consultant for contractual income or other income of any nature for you, your spouse and dependent children.

Name of Family Member	Name/Address of Source	Nature of Income	Category of Amount

3. **Gifts and Honorariums**

List source of all gifts aggregating in excess of \$250 received during the last year by you, your spouse or dependent children, excluding gifts from relatives. The term "gifts" includes gifts of cash, property, personal items, payments to third parties on your behalf, forgiveness of debt, honorariums and any other payments that are not reportable as income.

Name of Family Member	Name/Address of Donor	Category of Amount

4. **Third Party Reimbursements.**

Identify and describe the source of any third party reimbursement for travel related expenditures in excess of \$250 for any matter that relates to your official duties. The term "reimbursement" includes any travel related expenses provided by anyone other than the County for speaking engagements, conferences or fact finding events that relate to your official duties.

Source	Description	Category of Amount

5. Debts.

Describe all debts of you, your spouse and dependent children in excess of \$5,000.

Name of Family Member	Name/Address Creditor	Category of Amount
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6. Interest in Contracts.

Describe any interest of you, your spouse or dependent children in any contract involve the NFPWA or Niagara Falls Water Board.

Name of Family Member	Contract Description
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8. Political Parties.

List any position you held within the last five (5) years as an officer of any political party, political committee or political organization. The term "political organization" includes any independent or any organization that is affiliated with, or a subsidiary of a political party.

Signed

Date

RETURN TO: NIAGARA COUNTY BOARD OF ETHICS
 c/o Human Resources Office
 111 Main Street, Suite G2
 Lockport, New York 14094



ABO Online Board Member Training

Board Member Webinar Training

The Authorities Budget Office is conducting webinar training for Authority board members. This training will be live, interactive and online. Completion of the session will satisfy the requirement that directors must participate in State approved training as required by Section 2824 of Public Authority Law regarding their legal, fiduciary, financial and ethical responsibilities as board members of an authority.

Participation in each training class will be limited to 20 people, provided on a first come first serve basis. Participants will be expected to ask and answer questions in the same manner as if they were in a classroom setting.

You will need the following to participate in the training:

- A telephone
- A quiet setting such as an office where you can close the door
- A computer with internet access

Due to this limited availability, submitting an email does not guarantee your registration. You will receive an email from the ABO confirming if your registration request was accepted. If you are confirmed for training, your email will include instructions on how to access the webinar training.

If your preferred session is closed, you will be directed to register for a different session.

Please be advised that as a result of ABO staff working remotely at this time, technical support is limited to email (info@abo.ny.gov) for those experiencing issues accessing the WebEx session. Our office will respond as best as possible.

Answers to some common issues/questions are below:

- I'm having trouble accessing the meeting. Try using a different browser (Chrome or Internet Explorer).
- Do I need a phone and computer to join the meeting? Yes. The phone is used for audio and the computer is needed for the visual portion of the training.
- Can I use my phone or tablet instead of a computer? Yes, however, our office is not able to provide the same level of technical support for accessing the meeting on either of these devices.

Upcoming Online Board Member Training Sessions:

INSTRUCTIONS TO REGISTER: Please send an email to the ABO (info@abo.ny.gov) with the following information:

- Date of requested session
 - Full Name of Participant
 - Name of Affiliate Authority (i.e. Buffalo Urban Renewal Agency, please no acronyms)
 - Role at Authority (i.e. Board Member, Staff, etc.)
 - Email address:
 - Phone number
- Wednesday, November 17, 2021 - 9:30 AM - 11:00 AM
 - Wednesday, December 8, 2021 - 9:30 AM - 11:00 AM
 - Wednesday, December 15, 2021 - 9:30 AM - 11:00 AM
 - Additional training dates will be posted as they are scheduled.

MINUTES

Meeting of the **Niagara Falls Public Water Authority**

March 11, 2020 at 5:00 p.m.

Michael C. O’Laughlin Municipal Water Plant
5815 Buffalo Avenue, Niagara Falls, NY 14304

1. Call to Order – *Meeting was called to order at 5:00 p.m.*

Roll Call: Sanquin Starks ___*absent*___ Daniel Weiss ___*P*___ Jason Murgia ___*P*___

2. Public Speakers (All speakers must register with Chairman prior to Roll Call and are limited to 3 minutes per person – total time for all speakers may not exceed one hour)

There were no public speakers at this time.

2. Items for Action from Secretary

Mr. Costello discussed with Mr. Murgia and Mr. Weiss the resolutions related to bonds, and the interplay with the short-term financing and grants.

Chairman Murgia stated that after speaking with Mayor Restaino, Sanquin Starks will be removed as a NFPWA board member and the Mayor will be appointing another board member in the near future.

A. Yearly Reorganization Meeting

a. Nomination of NFPWA Board Officers: *slate election took place for the following appointment of the Water Authority Board Officers:*

- i. Chair; *Mr. Weiss nominated Mr. Murgia*
- ii. Vice Chair; *Mr. Murgia nominated Mr. Weiss*
- iii. Treasurer (does not need to be Authority member) – *Mr. Murgia nominated Erika Schroeder*
- iv. Secretary (does not need to be Authority member) – *Mr. Murgia nominated Mr. Costello*

Motion by Mr. Weiss to approve the slate of officers as nominated, seconded by Mr. Murgia.

Sanquin Starks ___*A*___ Daniel Weiss ___*Y*___ Jason Murgia ___*Y*___

Motion was passed 2-0.

- b. Annual Board Evaluation Form – *Mr. Costello explained this is a requirement of the Public Authorities Law; every public authority board conducts an annual confidential evaluation of the board performance. All present board members received a copy of the evaluation form in their packets and completed the evaluations. Mr. Costello will send the*

information from the completed evaluations to the Authorities Budget Office.

- c. Authority Financial Disclosure Form - *Requirement of the Public Authorities Law. Should be filed annually with the board of ethics within Niagara County. Mr. Costello instructs Mr. Murgia and Mr. Weiss that this disclosure form should be filed with Niagara County; not at the NFWB.*

B. Approval of Minutes June 13, 2019

Motion by Mr. Weiss and seconded by Mr. Murgia to approve.

Sanquin Starks ___**A**___ Daniel Weiss ___**Y**___ Jason Murgia ___**Y**___

Motion was passed 2-0.

C. RESOLUTION 2020-01 – Report on Operations and Accomplishments and Performance Measurement Report

Motion by Mr. Weiss and seconded by Mr. Murgia to approve.

Sanquin Starks ___**A**___ Daniel Weiss ___**Y**___ Jason Murgia ___**Y**___

Motion was passed 2-0.

D. RESOLUTION 2020-02 – Authorizing the Issuance of the Authority’s Revenue Bonds and Notes and the Approval and Execution of Related Documents

a. Copy of Resolution 2019-02

Mr. Costello noted that prior to the meeting this resolution was revised to add a second “resolved” paragraph providing as follows: “that Niagara Falls Public Water Authority Resolution 2019-02 is rescinded except to the extent of any expenditures or encumbrances made thereunder.” Mr. Costello noted that each Authority member received a written copy of the amended resolution prior to the meeting, and that the purpose for this addition was to be certain that there is no claim that the NFWB expenditures to date on the \$27,000,000 in projects to be funded are not eligible for bond/short-term financing.

Motion by Mr. Weiss and seconded by Mr. Murgia to approve the amendment to Resolution 2020-02.

Sanquin Starks ___**A**___ Daniel Weiss ___**Y**___ Jason Murgia ___**Y**___

Motion was passed 2-0.

Motion by Mr. Weiss and seconded by Mr. Murgia to approve Resolution 2020-02 as amended.

Sanquin Starks ___**A**___ Daniel Weiss ___**Y**___ Jason Murgia ___**Y**___

Motion was passed 2-0.

- E. RESOLUTION 2020-03 – Authorizing the Issuance of \$27,000,000 in Revenue Bonds
- a. Water Board Resolution 2020-01-014, Requesting Issuance
 - i. Correspondence Explaining Bond and Financing Resolution
 - b. Wastewater Treatment Plant Capital Project Update
 - c. Wastewater Treatment Plant Estimated Construction Schedule

Motion by Mr. Weiss and seconded by Mr. Murgia to approve.

Sanquin Starks ___A___ Daniel Weiss ___Y___ Jason Murgia ___Y___

Motion was passed 2-0.

- F. RESOLUTION 2020-04 – Authorizing the Issuance of \$5,495,000 in Revenue Bonds
- a. Water Board Resolution 2020-01-015, Requesting Issuance
 - b. Copy of Draft Five Year Capital Improvement Plan
 - c. Engineering Report for Water Main Project

Motion by Mr. Weiss and seconded by Mr. Murgia to approve.

Sanquin Starks ___A___ Daniel Weiss ___Y___ Jason Murgia ___Y___

Motion was passed 2-0.

3. Additional Items for Action

There were no additional items for action at this time.

4. Unfinished Business

There was no unfinished business to discuss at this time.

5. New Business & Additional Items

There was no new business to discuss at this time.

6. Adjournment of Meeting

Motion by Mr. Weiss and seconded by Mr. Murgia to adjourn at 5:28 p.m.

Motion was passed 2-0.

Sanquin Starks ___A___ Daniel Weiss ___Y___ Jason Murgia ___Y___

**OMNIBUS RESOLUTION
ANNUAL REVIEW OF GOVERNANCE AND OPERATIONAL
PERFORMANCE, POLICIES, AND STATEMENTS**

WHEREAS, the Niagara Falls Public Water Authority (“Authority”) finds it appropriate and convenient to memorialize by Resolution its review of certain matters relating to its 2020 performance, its compliance with statutes, including the Public Authorities Law (“PAL”), and its operations and governance;

NOW THEREFORE BE IT

1. **RESOLVED**, that the Authority designates all three sitting Authority Board members as members of the Audit, Governance, and Finance Committees until its next annual reorganization meeting.
2. **RESOLVED**, that for the purpose of filing annual reports, the Authority confirms that in 2020:
 - a. It paid no compensation to any Authority Member;
 - b. It neither had nor has paid any staff, relying on employees of the Niagara Falls Water Board for carrying out its limited day-to-day functions; and
 - c. It did not acquire or dispose of any real or personal property.
3. **RESOLVED**, that whereas the Niagara Falls Water Board ultimately pays the Authority’s expenses, the Authority recommends that the Water Board budget \$25,000 for Authority consultants, and \$25,000 for Authority attorney fees, and \$5,000 for undesignated services as may be required for debt issuances, refinancing, or preparation of required reports, these being the estimated Authority expenses associated with bond issuances or refinancing in any given fiscal year.
4. **RESOLVED**, that the Authority has adopted the following Mission Statement:

In accordance with its enabling legislation, the mission of the Niagara Falls Public Water Authority is to finance the acquisition and improvement by the Niagara Falls Water Board of the water, wastewater, and stormwater systems serving the City of Niagara Falls. In this capacity, the Authority has been able substantially to reduce the burden of debt on users of the systems, and benefits the people of the City, the service area, and the State through the improvement of their health, welfare, and prosperity.

At its meeting on November 18, 2021, the Authority reviewed its mission statement, finds the statement remains clear and complete as its mission has not changed, and that the Authority’s performance goals continue to support its mission.

5. **RESOLVED**, that upon consideration of its 2020 activities, the Authority adopts the following as its Annual Report on Operations and Accomplishments:

In 2020, the Water Authority conducted an annual business meeting. It acted favorably on a request by the Niagara Falls Water Board to authorize the issuance of bonds totaling \$27,000,000, superseding a prior Authority resolution authorizing the issuance of \$13,500,000 in bonds to fund capital improvements to the Water Board's wastewater treatment plant in order to allow the Water Board to take advantage of a short-term loan from the Environmental Facilities Corporation in the full amount of the project costs, with the original \$13,500,000 sum to be converted to long-term debt on completion of the overall \$27,000,000 project and the other \$13,500,000 to be reimbursed pursuant to a grant. The Authority also acted favorably on a request by the Water Board to authorize the issuance of bonds in the amount of \$5,495,000 to finance various water main improvements.

6. **RESOLVED**, that the following constitutes the Authority's 2020 Performance Measurement Report, based on the Performance Measurements previously adopted by the Authority:

a. Meeting annually, and within one month of any request by the Niagara Falls Water Board for a meeting of the Authority.

2020 Result: Goal achieved.

b. Timely financing or refinancing of water, wastewater, and stormwater system acquisition or improvements upon the request of the Water Board.

2020 Result: The Authority acted promptly in connection with a request by the Water Board to authorize the issuance of bonds as described in the Authority's Annual Report on Operations and Accomplishments. Goal achieved.

c. Timely payment of all debt service and related amounts on obligations of the Authority.

2020 Result: Goal achieved.

7. **RESOLVED**, pursuant to Section 2800(2)(9) of the PAL, the Authority has prepared the following assessments of the effectiveness of its internal controls:

The Authority has reviewed the 2020 independent auditors' report on internal control. It is not aware of any material weakness in the internal controls over its financial reporting. It relies upon the expertise of the Water Board's Director of Financial Services and the Trustee of its accounts, and does not have any reason to believe that there are any material misstatements in any of its financial

statements. The Authority has been advised of its failure timely to file certain reports with the Authorities Budget Office and need to document compliance with training and other PAL requirements and has determined to address these deficiencies.

8. **RESOLVED**, with respect to the 2020 annual Independent Audit and Audit Report:

The Authority is the subject of annual independent financial audits. It is audited at the same time as the Niagara Falls Water Board, and for audit purposes is considered a blended component unit of the Niagara Falls Water Board.

Although they are legally separate entities, blended component units are, in substance, part of the government entity's operations. The Authority is considered a component unit of the Water Board because the Water Board is obligated to pay debt service and fund other accounts of the Authority. Thus, the Authority is fiscally dependent upon the Board to establish rates and collect fees necessary to pay these debts. Further, the Authority is "blended" with the Board in the financial statements because the Authority exists solely to provide services that predominantly benefit the Board.

The Authority has received and accepted the independent auditors' reports of the audit of the year ended December 31, 2020.

9. **RESOLVED**, that all policies and procedures adopted pursuant to Authority Resolution 2019-01 or otherwise and not specifically amended or superseded remain in effect.

On November 18, 2021, the question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	Yes	No	Abstain	Absent
Michael Monaco	[]	[]	[]	[]
Daniel Weiss	[]	[]	[]	[]
Jason Murgia	[]	[]	[]	[]

Signed By:

Vote Witnessed By:

Jason Murgia, Chairperson

Sean W. Costello, Secretary to the Board

Continuing Disclosure Report

Introduction

This 2021 Continuing Disclosure Report, prepared in September 2021 (the “2021 CDR” or the “2021 Report”), provides information to supplement and update information presented in the Feasibility Report of the Consulting Engineer and Rate Consultant, prepared in August 2005 (the “2005 Report”), included in the Official Statement for the 2005 Authority Bonds, the Feasibility Report prepared in June 2013, included in the Official Statement for the 2013 Bonds (the “2013 Report”), the Feasibility Report prepared in November 2016, included in the Official Statement for the 2016 Bonds (the “2016 Report”), the 2007 Continuing Disclosure Report prepared in June 2007, the 2008 Continuing Disclosure Report prepared in June 2008, the 2009 Continuing Disclosure Report prepared in July 2009, the 2010 Continuing Disclosure Report prepared in July 2010, the 2011 Continuing Disclosure Report prepared in June 2011, the 2012 Continuing Disclosure Report prepared in June 2012, the 2014 Continuing Disclosure Report prepared in July 2014, the 2015 Continuing Disclosure Report prepared in July 2015, the 2016 Continuing Disclosure Report prepared in July 2016, the 2017 Continuing Disclosure Report prepared in September 2017, the 2018 Continuing Disclosure Report prepared in September 2018, the 2019 Continuing Disclosure Report prepared in September 2019 and the 2020 Continuing Disclosure Report prepared in September 2020 collectively referred to as the “Prior Reports”. Except where noted, the table numbers and titles used in the 2021 CDR correspond to the table numbers and titles in the Prior Reports. In matters presented in the Prior Reports where we have been advised by the Board that no material change has occurred since the preparation of the Prior Reports, no additional information is presented in this 2021 CDR. Throughout the 2021 CDR, references are made to the Water, Wastewater and Stormwater System of the Board (the “System”) which serves the City of Niagara Falls, NY (the “City”) and provides water service to small portions of adjacent communities.

Board and Authority Members

Mr. Nicholas J. Forster became the Chairman of the Board in March 2021. Other members of the Board include Ms. Colleen Larkin, Ms. Gretchen Leffler, Ms. Renae Kimble and Mr. Michael Asklar.

Mr. Jason Murgia is the Chairperson of the Authority (having previously been a member of the Authority). Mr. Daniel Weiss is the Vice Chairman of the Authority, and Mr. Michael Monaco is its third member.

Organization and Staff of the Board

Dr. Abderrahman Zehraoui was appointed as Executive Director of the Niagara Falls Water Board in June 2021. Dr. Zehraoui holds a Philosophical Doctorate (Ph.D) degree in Environmental Engineering from University of Cincinnati, a Masters of Sciences degree in Management of Complex Systems from Pavia University (Pavia, Italy) as well as Bachelor of Science degree from University Mohammed V (Rabat, Morocco). Prior to his appointment as Executive Director, Dr. Zehraoui served as the Director of Utilities at the City of East Chicago, IN. He has more than 25 years of water/wastewater treatment system experience.

The table presented below illustrates the staffing levels for the System as of June 30, 2021.

Table 1 – System Staffing

	<u>Staff Positions *</u>
Water Facilities Division	39.0
Wastewater Facilities Division	<u>54.0</u>
Total System	<u><u>93.0</u></u>

* Denotes filled positions. Authority and Board members, as well as, personnel providing support services are not included in the above figures. The above totals also do not include staff members that are currently on unpaid leave.

The City provided certain support services to the System in the form of engineering, legal, billing and collection, accounting and fleet maintenance services during the initial years of the Board's operations. Under the terms of the Operations Agreement between the City and the Board, the Board notified the City that it wished to assume direct responsibility for the support services provided by the City. For example, the Board installed a new financial management system and began billing customer accounts during 2008. The City continues to work with the Board in providing collection services for accounts and tax collection services. Under the terms of the agreement, the Board will pay the City approximately \$90,000 per year for the services it receives.

Water Treatment

The average daily output from the Board's water treatment plant for 2017 through 2020 is shown in the following table.

Table 2 – Average Daily Production of Treated Water

<u>Year</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Flow (MGD)	20.06	21.35	21.53	22.57

Water Distribution System

The distribution system consists of approximately 260 miles of various diameter water mains, 2,287 fire hydrants, over 5,000 valves, two elevated water storage tanks and over 19,000 metered services. The distribution system is a single pressure system. The Water System services the City and several "out-of-town" customers adjoining the City. The Water System also has two major inter-municipal interconnections with the Niagara County Water District that allow for the purchase/sale of water in either direction for emergency or shut down maintenance events.

Treated water is pumped from the water treatment plant to the Water System's 260 miles of pipe and also to the 56th Street elevated water storage tank that has a capacity of 2 million gallons ("mg"). The elevated tank provides added reliability to the Water System, as it will transparently pick up full system demand if the high-lift pump station is shutdown. A second 2 mg elevated storage tank at Beech Avenue is currently shut down and isolated from the Water System. Demolition and replacement of the Beech Avenue water tank is included in the CIP for 2018 and 2019. The Beech Avenue water tank is being used to generate revenues through the lease of space for cellular antennas. The water distribution system utilizes various materials of construction including lined and unlined cast or ductile iron, polyvinyl chloride (PVC), reinforced concrete pressure pipe (RCPP), and high density polyethylene (HDPE) varying in size from 6 inch to 30 inch.

The following tables provide information on the water mains and the approximate age of the pipes comprising the water distribution system:

Table 3 – Water Distribution System Piping

<u>Water Main</u>	<u>Material Type</u>	<u>Length (ft)</u>
6-inch	PVC	1,500
8-inch	PVC	2,610
10-inch	PVC	700
12-inch	Asbestos Cement	5,500
20-inch	Cast/Ductile Iron	7,800
24-inch	RCPP	5,600
30-inch	RCPP	13,370
36-inch	RCPP	16,810
42-inch	RCPP	7,850
2-inch	Cast/Ductile Iron	700
4-inch	Cast/Ductile Iron	95,030
6-inch	Cast/Ductile Iron	596,540
8-inch	Cast/Ductile Iron	239,680
10-inch	Cast/Ductile Iron	121,455
12-inch	Cast/Ductile Iron	102,045
14-inch	HDPE	6,540
16-inch	Cast/Ductile Iron	59,660
20-inch	Cast/Ductile Iron	46,730
24-inch	Cast/Ductile Iron	26,230
30-inch	Cast/Ductile Iron	<u>9,060</u>
Total		1,365,410

Table 4 – Niagara Falls Water Distribution System
Approximate Age of Pipe

Age	Feet	Percent
1890-1910	65,802	5%
1911-1930	515,179	38%
1931-1950	288,940	21%
1951-1970	251,682	18%
1971-1990	144,121	11%
1991-2016	101,772	7%
Total	1,367,496	100%

Unbilled Water

In Prior Reports, this section was described as unaccounted-for water. The term unaccounted-for water is redefined below and a definition is provided for unbilled water. The Water Facilities Division calculates the percentage of unbilled water based on the difference in quantity between the treated water pumped into the Water System and the number of billed units provided to customers, divided by the treated water pumped. Unbilled water includes both known uses that are not measured or billed (e.g., water used in firefighting and hydrant flushing) and unaccounted-for water such as losses due to leaks in the System. Unbilled water has been 68% percent or more of treated water for the last five years, a percentage that is significantly higher than typical industry averages. This percentage has been relatively the same since 2017. The table presented below shows the average percentages of unbilled water by year.

Table 5 – Unbilled Water

Year	Percent of Treated Water
2016	69%
2017	68%
2018	68%
2019	71%
2020	72%

The marginal cost to the Board of treating and pumping water that is not sold is relatively low. Notwithstanding the absence of a significant cost incentive, the CIP for the Water System is focused primarily on improvements to the distribution system that, over time, together with the increased focus on identifying lost water should result in a decline in unaccounted-for water. In 2012, and 2013 through 2015 the Board embarked on an aggressive meter replacement program. In 2012 a pilot study was performed that included replacement of 450 meters. In 2013 through 2015, 16,000 residential and commercial meters have been replaced. The new meters are auto-read (drive by),

which will reduce labor necessary to obtain meter readings and free up personnel for more important tasks. The objective of the meter replacement program is to improve the accuracy of the water meters as metered water use is the means by which revenue is generated. Based on the experiences of other water utilities in similar situations, the implementation of these programs should lead to a reduction in unaccounted-for water.

To improve the water distribution system, the NFWB has undertaken a program to map and hydraulically model the existing water distribution system. The hydraulic model is being used to identify areas where water pressure is insufficient and to plan for future upgrades to the distribution system. Additionally, an aggressive program has been undertaken by the NFWB to repair or replace all out-of-service fire hydrants. The objective is to return all fire hydrants to a fully functional status. Many of these hydrants that are being replaced were also a source of water leakage. During 2017 and 2018, 75 fire hydrants have been replaced or repaired. This number has increased to approximately 100 hydrants in 2019. In 2020, 100 hydrants were replaced and 21 repaired. As of June 30, 2021; 59 hydrants were replaced and 19 were repaired during 2021. As of the date of this report there are no known non-functional fire hydrants.

Water System Staffing

The following table illustrates the number of personnel in each of the seven (7) sections of the Water System as of June 30, 2021.

Table 6 – Water System Staffing

Section	Staff Positions
Laboratory	3.0
Information Technology	3.0
Engineering	3.0
Purification Operations	7.0
Inside Water Maintenance	8.0
Outside Water Maintenance	10.0
Meter Shop	<u>5.0</u>
Total Water System Staff	<u><u>39.0</u></u>

We believe that the Water System is adequately staffed and key management personnel have the qualifications and experience commensurate with their responsibilities.

Wastewater Treatment

The table on the following page identifies the historical flows through the wastewater treatment plant (“WWTP”).

Table 7 – Average Daily Wastewater Volume Treated

<u>Year</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Flow (MGD)	29.28	26.30	26.78	24.10

Wastewater Facilities

The facilities of the Wastewater System include a wastewater treatment plant (“WWTP”), 8 pumping stations, over 255 miles of combined and separate sanitary sewer lines and 6 combined sewer overflow points. The Wastewater System uses a collection system of lateral, collection and trunk sewers that convey wastewater to the WWTP. The majority of the service area utilizes combined sewers that carry both wastewater and storm water in one pipe. Pipe sizes range from 8 inches to 72 inches in diameter. The Wastewater System also includes approximately 15 miles of large conveyance structures ranging in size from 36 inches to 32 feet in diameter (tunnels).

The eastern portion of the City has a separated sanitary system and storm sewer system. This portion of the Wastewater System uses pumps to alleviate sanitary sewer overflows that occur during certain wet weather events. This procedure complies with the terms of the Board’s permit from the DEC. The pumping stations of the Board are listed in the table presented below.

Table 8 – Pump Station and Bypass Station Capacities

<u>Lift Station</u>	<u>Location</u>	<u>Approximate Capacity (MGD)</u>
Gorge	Gorge Pump Station Site	19.5
LS-1	Stephenson & 81st Streets	4.3
LS-2	Griffon Avenue	1.0
LS-3	Buffalo Avenue & 56th Street	1.7
LS-4	91st Street & Luick Avenue	1.7
LS-6	81st Street & Frontier Avenue	4.3
LS-7	Boiler Avenue & Military Road	0.8
LS-8	101st Street	1.0
BPS-1	Cayuga Drive & South Military Road	2.9
BPS-2	West Rivershore Drive	1.0

Like most urban systems of its age with combined storm water and sanitary sewer systems, the Wastewater System has incurred problems with infiltration whereby storm water and ground water enter the pipes devoted to wastewater. This has resulted in added treatment expense.

Like the Water System, the Wastewater System obtains low-cost hydropower from National Grid, which is made available through NYPA. In the case of the Wastewater System, this amounts to approximately 1.6 megawatts per year.

Wastewater System Staffing

The table presented below illustrates the number of personnel in each of the six (6) sections of the Wastewater System as of June 30, 2021:

Table 9 – Wastewater System Staffing

<u>Section</u>	<u>Staff Positions</u>
Monitoring and Compliance	4.0
Analytical Services	3.0
Sewer Collection System Maintenance (1)	12.0
Administrative / Technical	2.0
Plant Operations	17.0
Plant Maintenance	<u>16.0</u>
Total Wastewater System Staff	<u><u>54.0</u></u>

- 1) Includes sanitary sewers, combined sewers and storm sewers. Positions for stormwater maintenance were paid for through the City's General Fund, prior to acquisition of the System by the Board.

In the recent past the Wastewater System was understaffed and resulted in extensive overtime. In 2018, a concerted effort was made to increase staffing to necessary levels. At present operations and maintenance are fully staffed. Key management personnel have the qualifications and experience commensurate with their responsibilities.

Wastewater System Customer Base

The Wastewater System serves the City and, through a mutual services agreement, limited portions of the Town of Niagara. The Wastewater System serves a population of approximately 47,136 according to the 2020 U.S. Census. The table on the following page shows consumption and revenue information by category of customer.

Table 10 – Wastewater Demand, Revenue and Account Information by Customer Class

<u>Class of Customer</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential/Commercial					
Consumption (CCF)	1,343,375	1,272,267	1,299,934	1,252,451	1,236,314
Number of Accounts	17,954	17,835	17,917	17,918	17,920
Revenues	\$ 6,646,141	\$ 6,406,907	\$ 6,693,730	\$ 6,613,490	\$ 6,631,300
Industrial					
Consumption (CCF)	804,241	852,457	926,684	912,621	887,571
Number of Accounts	248	261	245	244	258
Revenues	\$ 3,963,845	\$ 3,487,388	\$ 4,197,516	\$ 3,879,443	\$ 3,165,994
Significant Industrial Users (SIU)					
Consumption (CCF)	1,065,322	971,721	876,822	890,139	930,712
Number of Accounts	23	23	24	23	23
Revenues	\$ 7,915,420	\$ 8,680,470	\$ 8,379,467	\$ 7,917,883	\$ 10,811,521
Non-Resident Users*					
Consumption (CCF)	-	-	-	-	-
Number of Accounts	-	-	-	-	-
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Total					
Consumption (CCF)	3,212,938	3,096,445	3,103,440	3,055,211	3,054,597
Number of Accounts	18,225	18,119	18,186	18,185	18,201
Revenues	\$ 18,525,406	\$ 18,574,765	\$ 19,270,713	\$ 18,410,816	\$ 20,608,815
Plus: Other Departmental Revenues	622,505	1,036,764	1,188,385	1,374,123	396,687
Less: Adjustments	(331,546)	(169,020)	(44,948)	-	-
Total Departmental Revenue	<u>18,816,365</u>	<u>19,442,509</u>	<u>20,414,150</u>	<u>19,784,939</u>	<u>21,005,502</u>

*Non-Resident Users are only water supplied, no wastewater activity was recorded in the year listed above.

Preliminary Capital Improvement Program (CIP)

The Board and the Authority have the responsibility to adopt and implement the CIP for the System. Table 11 presents the CIP for the System for 2021 through 2025. The CIP is updated periodically. The updated CIP as presented herein was most recently updated by the executive staff as of September 15, 2021.

Table 11 – Capital Improvement Plan (“CIP”)

Description	2021	2022	2023	2024	2025	Total
COMBINED PROJECTS (WATER AND WASTEWATER)						
IT Plan Implementation	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$150,000
Meter Replacement & Upgrades	70,000	70,000	70,000	70,000	70,000	350,000
Fleet Replacement	80,000	80,000	80,000	80,000	80,000	400,000
Water/sewer GIS/GPS Mapping	5,000	5,000	5,000	5,000	5,000	25,000
Combined Projects - Miscellaneous	100,000	100,000	100,000	100,000	100,000	500,000
WASTEWATER INFRASTRUCTURE PROJECTS						
WWTP Rehab Phase 4A	2,193,863	2,193,863	2,193,863	2,193,863	-	8,775,453
WWTP Rehab Phase 4B	905,198	905,198	-	-	-	1,810,396
WWTP Rehab Phase 4C	827,696	827,696	-	-	-	1,655,392
WWTP Rehab Phase 4E	491,585	1,474,755	-	-	-	1,966,340
WWTP Rehab Phase 4G	407,825	611,738	-	-	-	1,019,563
WWTP Rehab Phase 4I	269,246	269,246	-	-	-	538,492
WWTP SCADA Improvements	81,321	81,321	81,321	81,321	-	325,282
Wastewater Treatment Plant Protective Measures	784,000	1,568,000	1,568,000	-	-	3,920,000
WWTP Phase II Upgrades to the Sewer Line	173,914	173,914	-	-	-	347,828
WWTP Phase II Replacement of Sludge and Hypo Pipelines	173,914	173,914	-	-	-	347,828
WWTP Chemical Bulk Storage	-	-	-	50,000	-	50,000
WWTP Infrastructure Projects - Miscellaneous	100,000	100,000	100,000	100,000	100,000	500,000
SEWER INFRASTRUCTURE PROJECTS						
Lasalle Area Sewer Improvements (SSO)	250,000	433,333	433,333	433,333	-	1,550,000
Sewer /GPA Infrastructure Projects - Miscellaneous	100,000	100,000	100,000	100,000	100,000	500,000
WATER TREATMENT PLANT INFRASTRUCTURE PROJECTS						
WTP Pump Replacements	30,000	30,000	30,000	30,000	30,000	150,000
WTP Roofing Work	50,000	50,000	50,000	50,000	50,000	250,000
WTP Building Improvements and Caulking	50,000	50,000	50,000	50,000	50,000	250,000
WTP Infrastructure Projects	100,000	100,000	100,000	100,000	100,000	500,000

(continued)

(concluded)

Description	2021	2022	2023	2024	2025	Total
WATER INFRASTRUCTURE PROJECTS						
10th Street and Michigan Avenue Mains	-	750,000	-	-	-	750,000
18th Street Main - Ontario Avenue to Whitney Avenue	550,000	550,000	-	-	-	1,100,000
77th Street Main - Stephenson Ave to Niagara Falls	-	1,100,000	-	-	-	1,100,000
80th Street - Niagara Falls Blvd. to Rick Manning Drive	-	-	-	-	300,000	300,000
College Terrace - Madison to College Avenue	-	-	-	-	155,000	155,000
Laughlin Drive Main - 82nd Street to Bollier Ave	-	-	-	630,000	-	630,000
McKoon Avenue Main - DeVeaux Ave to James Ave	-	-	-	-	880,000	880,000
Military Road Main - Jacob Place to Bollier Avenue	200,000	-	-	-	-	200,000
Ontario Avenue Main - 13th Street to Main Street	-	-	-	-	800,000	800,000
Van Rensselaer Ave - 900 Block	-	-	-	150,000	-	150,000
Whitney Avenue Main - 11th Street to Hyde Park Blvd.	-	1,850,000	-	-	-	1,850,000
Large Valve Replacement	250,000	250,000	250,000	250,000	250,000	1,250,000
Hydrant Replacement	150,000	150,000	150,000	150,000	150,000	750,000
20 inch main from Beach Ave. Storage Tank to Ontario St	-	-	1,000,000	-	-	1,000,000
Leak Detection/Distribution Modeling	-	50,000	-	-	-	50,000
Loop Niagara Ave. Main to Parkview Drive	7,000	-	-	-	-	7,000
Witkop Avenue and 85th Street Loop (all 8")	-	-	-	720,000	-	720,000
Water Infrastructure Projects - Miscellaneous	120,000	120,000	120,000	120,000	120,000	600,000
Total	\$7,766,561	\$12,679,978	\$4,943,517	\$5,493,517	\$3,370,000	\$34,253,573

On a System-wide basis, the CIP includes provisions for the implementation of new technology which is primarily focused on the monitoring and control of water and wastewater facilities. Such technology will enable Board personnel to continue to attempt to operate more efficiently and effectively. The past improvements have allowed for some significant reductions in personnel. Funds are also included each year for the replacement of Board vehicles.

The NFWB is also currently proceeding with various Capital Improvements at the 1201 Buffalo Ave. Wastewater Treatment Plan (WWTP). The improvements are in response to the Order on Consent, entered with the NYDEC in 2017. Work is funded through a combination of grants and low interest loans administered by the NYS Environmental Facilities Corporation (EFC). Capital improvements at the WWTP will continue to constitute a large share of short-term budgeted funds for 2021 through 2023. However, the aforementioned capital expenditures are reimbursed at 50% with the remaining expenses converted to long term low interest loans. On the following page is a comprehensive list of the current Capital Improvements Projects and status to date.

- **Capital Project #1 Sedimentation Basin Upgrades**
 - Design and bidding phases have concluded.
 - Currently in construction, with demolition and improvements of the scum building and sedimentation basin #5.
 - Construction completion is currently anticipated for November 2024.
 - **Capital Project #2 Gorge Pump Station Improvements**
 - Design and bidding phases have concluded.
 - Currently in construction, with replacement of existing pumps, channel grinders, and various ancillary components within the Gorge Pump Station.
 - Construction completion is currently anticipated for July 2022.
 - **Capital Project #3 Screenings and Grit Conveyance Improvements**
 - Design and bidding phases have concluded.
 - Currently in construction, including improvements to the existing screening, grit, and polymer systems.
 - Construction completion is currently anticipated for January 2022.
 - **Capital Project #4 Activated Carbon Filter Media Replacement**
 - Replacement of activated carbon and gravel underdrain media within various filter beds prioritized on the basis of age and filter efficiency.
 - Design, bidding, and construction phases have concluded.
 - **Capital Project #5 Electrical System Improvements.**
 - Design is currently underway of replacement and/or upgrade of various high voltage electrical components integral to the operability of the Wastewater Treatment Plant.
 - Improvements are being completed through multiple phases.
 - Next phase of design and construction is currently underway.
 - Construction completion is currently anticipated for November 2022.
 - **Capital Project #6 Chemical Treatment System Optimization.**
 - Project included improvements to improve operational efficiency of existing chlorination system, including pumping, distribution, and monitoring.
 - Design, bidding and construction phases have concluded.
 - **Capital Project #7 Heating and Ventilation System Upgrades.**
 - Design and bidding phases have concluded.
 - Currently in construction, including improvements to the existing heating and ventilation system throughout the Wastewater Treatment Plant. Improvements replace failing equipment that has deteriorated due to the harsh operating environment.
 - Construction completion is currently anticipated for May 2022
-

- **Capital Project #8 Replacement of Air Scour Blower.**
 - Project included repair and/or replacement of air scour blower equipment associated with the carbon filter bed system.
 - Design, bidding, and construction phases have concluded.
- **Capital Project #9 Plant Waterline and Process Piping Replacement.**
 - Design and bidding phases have concluded.
 - Currently in construction, including replacement of sections of failing process piping and ancillary equipment throughout the Wastewater Treatment Plant.
 - Construction completion is currently anticipated for January 2022.
- **Capital Project #10 SCADA Improvements**
 - Bidding phase has concluded.
 - Design and construction phase has been underway with ongoing capital projects.
 - Construction completion is currently anticipated for November 2024.

In addition the NFWB has recently embarked on a number of initiatives including the following:

- The NFWB has recently leased 10 new vehicles. The vehicles are more energy efficient and include two hybrids. As a result, the age of the fleet went from an average age of 12 years old to 7 years old. Over the five-year lease the NFWB is projected to save \$300,000.
- The NFWB has established a hydrant truck which routinely tests fire flow's and performs hydrant maintenance. The initiative will improve the reliability of the NFWB's hydrant system.
- The NFWB has implemented a 3-D scanning project to scan existing facilities at the wastewater treatment plants. The initiative will save money in engineering design projects, provide accurate measurements for existing facilities, will be used in employee training programs.
- The wastewater treatment plant replaced entrance gates for improved security.
- A professional development program has been financed which will include leadership training, state certified operator license training, and provide access to up-to-date training materials.

In the Water Distribution System, the CIP is focused primarily on distribution system improvements to enhance overall water quality, system reliability and reduce water loss, including a water main, hydrant and large valve replacement programs. In addition, the meter replacement program has become an important part of reducing the cost of reading meters and replacement of older faulty meters. The remainder of the 72nd Street water main was replaced in late 2015 and a portion of the Bollier Avenue water main was replaced in 2017. The City of Niagara Falls has/is providing design, contract administration and inspection services on both projects.

The CIP also includes funds for five (5) specific water distribution main replacement projects, continued replacement of large valves, continued leak detection & distribution system modeling to reduce leakage rates, and funding for unplanned system repairs. The specific areas identified for replacement have been prioritized based on factors such as the history of main breaks, known areas of leakage, the need to upgrade the size or materials of the main and other factors. The continued implementation of a water main replacement program should, over time, reduce the level of unaccounted-for water in the Water System.

In the opinion of management, the CIP is reasonable and will help ensure that quality water and wastewater services are provided to customers in a reliable manner. There continue to be unanswered questions regarding the potential outcome of the 2015 Turbidity Study and the related 2017 Consent Order studies pertaining to alternative wastewater treatment processes. The outcome of these will likely be mandated wastewater treatment plant capital improvements. The NFWB will seek external grants to undertake any major expenditure for changing the treatment technology at the WWTP.

Sources and Uses of Funds

Table 12 shown below presents the anticipated sources and uses of funds for the CIP. The amounts shown are preliminary, pending policy decisions of the Board.

Table 12 – Sources and Use of Funds for the CIP

	2021	2022	2023	2024	2025
Opening balance, January 1:					
Remaining funds restricted					
for capital projects**	\$ 2,786,581	\$ 1,909,301	\$ 7,590,145	\$ 5,784,220	\$ 3,778,295
Sources of CIP funds:					
Prior year coverage	842,000	885,000	835,000	885,000	835,000
Bonded	-	11,005,000	-	-	-
Grants	3,552,281	6,470,822	2,302,592	2,602,592	1,521,000
EFC loan	2,495,000	-	-	-	-
Use of CIP funds:					
CIP spending (per Table 11)	<u>(7,766,561)</u>	<u>(12,679,978)</u>	<u>(4,943,517)</u>	<u>(5,493,517)</u>	<u>(3,370,000)</u>
Ending balance, December 31	<u>\$ 1,909,301</u>	<u>\$ 7,590,145</u>	<u>\$ 5,784,220</u>	<u>\$ 3,778,295</u>	<u>\$ 2,764,295</u>

** The beginning balance includes NYPA funding remaining from \$19m settlement, bond proceeds and annual contributions from operating funding coverage.

It is anticipated that the cash requirements of the CIP for the 2021-2025 period will be met through 1) remaining funds currently on hand with the Board received from the New York Power Authority; 2) remaining funds on hand from cash surpluses from operations of the preceding years; 3) interest on funds on hand whose use is restricted to capital improvements; and, 4) the proceeds of bonded debt to be issued by the Authority. Table 12 assumes that the Board will utilize bond proceeds beginning in 2022 to continue with the projects designated in the 2022, 2023, 2024 and 2025 CIP.

Outstanding Debt

The table on the following page summarizes the outstanding bond issues and remaining principal amounts attributable to the System as of December 31, 2020.

Table 13 –Outstanding Debt

Debt Instrument	Principal Balance December 31, 2020
Niagara Falls Public Water Authority Bonds:	
Series 2013A Bonds	\$ 34,375,000
Series 2013B Bonds	3,120,000
Series 2016A Bonds	20,130,000
NYSEFC Water Revolving Funds Revenue Bonds:	
Series 2013B - Clean Water	10,085,000
Series 2013B - Drinking Water	5,580,000
Series 2015D - Drinking Water	1,345,000
Series 2014B - Drinking Water	3,535,000
Series 2012B - Clean Water	5,020,000
New York State Power Authority:	
Series 2019 Mortgage Loan	1,777,489
Total Amount	<u>\$ 84,967,489</u>

The outstanding debt decreased by \$4,332,897 from 2019 to 2020 as a result of scheduled principal payments.

Historical Cash Flows and Debt Service Coverage

The Board acquired the System from the City in September 2003. The Board has now completed thirteen full years as the owner and operator of the System. A summary of the financial performance achieved during the years ending December 31, 2018, December 31, 2019, and December 31, 2020 is provided in Table 14 on the following page.

Table 14 – Historical Financial Performance

Line	Description	2018	2019	2020
1	Receipts from customers	\$ 31,280,867	\$ 30,427,792	\$ 32,526,018
3	Interest earnings	647,827	1,163,345	644,697
4	Proceeds from sales of assets	8,783	290,485	308,397
5	Total cash receipts	31,937,477	31,881,622	33,479,112
7	Payments to employees	11,592,392	11,517,253	11,915,979
8	Payments to suppliers	9,418,908	10,191,194	12,620,781
9	Total operating expenses	21,011,300	21,708,447	24,536,760
10	Cash available for debt service (line 5 - line 9)	10,926,177	10,173,175	8,942,352
11	Interest payment	3,419,231	3,119,649	3,225,126
12	Principal payment	3,915,000	4,269,607	4,332,897
13	Total debt service	\$ 7,334,231	\$ 7,389,256	\$ 7,558,023
14	Surplus (line 10 - line 13)	\$ 3,591,946	\$ 2,783,919	\$ 1,384,329
15	Debt service coverage (line 10/line 13)	1.49	1.38	1.18

The preceding table has been prepared based on information presented in the annual financial statements of the Board. The financial statements of the Board for the year ended December 31, 2020 were audited by the firm Bonadio & Co., LLP, while the financial statements of the Board for the years ended December 31, 2019 and 2018 were audited by the firm EFPR Group, LLP.

The results for the year ending December 31, 2018 indicate that the actual debt service coverage achieved by the Board was 149%, exceeding the minimum requirement of 115% of debt service. The results for the year ending December 31, 2019 indicate that the actual debt service coverage achieved by the Board was 138%, also exceeding the minimum requirement of 115% of debt service. The results for the year ending December 31, 2020 indicate that the actual debt service coverage achieved by the Board was 118%, also exceeding the minimum requirement of 115% of debt service.

In April 2017, the Board reached a settlement with the collective bargaining agreements of all four of its labor unions. The new agreements will result in substantial savings in healthcare costs for the Board over the next 7 years while allowing employees and retirees to retain quality and affordable healthcare benefits. Employees share a modest 20% of costs and the Board contributes to employee Health Savings Plans to help offset costs associated with a high deductible health plan. Without burden to rate payers, other cost-savings measures such as comprehensive training, professional development, and greater utilization of technology in daily operations are also being implemented. The Board will spearhead an aggressive and long term public relations campaign to better educate the public on future initiatives such as its aggressive pursuit of funds through the New York State Clean Water Infrastructure Act.

Billing and Collection

All but a limited number of water and sewer customers are billed quarterly based on actual or estimated meter reads. Significant industrial users are billed monthly based on two estimated months followed by an actual meter read in the third month.

Customers of the Board can pay their water and sewer bills either to a lockbox held by Bank on Buffalo or to the City of Niagara Falls Billing and Collection Department at City Hall. All revenues, including those collected by the City, are put immediately into the Board's depository account of the Local Water Fund. The City collects on delinquent accounts and, in particular, any unpaid balances that remain as of November 1 of each year create a lien on the property and are added to the next year's City tax bill. These liens then become due and payable with the tax collection. The City collects the funds, reconciles the tax roll and water/sewer liens and disburses a check to the Board in July and the following January for the two collection periods. These amounts are reconciled to the Board's records for verification of the receipts.

The Board has made meter replacement a major priority, since it last replaced meters in 1990 and the life expectancy of the old style meters averages just 10 years. In 2012, the Board tested a pilot program for electronic meter reading. Based on successful results, the Board has converted all water and sewer meters to electronic read only devices. The advantages of electronic meter reading include having a real-time measure of actual use, taking a fraction of the time, eliminating the need to access a customer's property, minimizing worker's compensation injuries from weather conditions or animals, and detecting continuous water leaks. The use of electronic meters during the pilot program resulted in a 5-7% increase in revenues, and the Board expects similar results for the recently completed meter replacement program.

Table 15 – Water and Sewer Billings and Cash Collections – Historical

<u>FYE 12/31</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Service Billings	\$ 30,811,823	\$ 29,702,412	\$ 30,512,619	\$ 29,973,753	\$ 31,874,002
Penalties	687,806	360,222	331,107	405,651	430,808
Invoice Adjustments	1,494,512	473,046	18,045	(67,164)	169,058
Total Billed	<u>\$ 32,994,141</u>	<u>\$ 30,535,680</u>	<u>\$ 30,861,771</u>	<u>\$ 30,312,240</u>	<u>\$ 32,473,868</u>
Total Cash Collections - Billings	31,535,662	29,208,181	29,531,100	28,481,104	31,302,901
Total Cash Collections - Property Tax Bill	1,194,643	1,118,498	1,281,664	1,530,987	1,223,117
Total Collections	<u>\$ 32,730,305</u>	<u>\$ 30,326,679</u>	<u>\$ 30,812,764</u>	<u>\$ 30,012,091</u>	<u>\$ 32,526,018</u>
% of Total Cash Collections to Total Billed	99.2%	99.3%	99.8%	99.0%	100.2%

Compliance with Reserve Fund Requirements

Under the terms of the Financing Agreement between the Board and the Authority, the Board is required to maintain minimum balances in reserve funds relating to its operating expenses and debt service. The amounts on deposit in the Operation and Maintenance Reserve Fund must equal or exceed two months' of the anticipated operation and maintenance expenses in the upcoming year. The amounts on deposit in the Debt Service Reserve Fund must equal or exceed the maximum annual debt service in any future year. The amounts on deposit in the Board's Operation and Maintenance Reserve Fund and Debt Service Reserve Fund as of December 31, 2020 are in compliance with the requirements of the Financing Agreement. The Board expects to continue to be in compliance with these requirements during 2021.

Projected Cash Flows and Rates

The preliminary projection of cash flows of the System is presented in Table 16. These projections are preliminary and subject to change. The future cash flows of the Board are dependent upon many factors, including economic conditions and Board policy decisions regarding the size, scope and timing of the CIP; the use of the remaining monies from the NYPA settlement and potential reductions in annual operation and maintenance expenses. Future increases in rates and revenues are also dependent upon actual experience and assumptions for regarding customer demand as well as other factors. The achievement of any projection of future conditions is dependent upon the occurrence of other future events and circumstances such as changes in the local and national economy, demographic changes, variations in interest rates and inflation, new regulatory agency initiatives and other factors that cannot be predicted. Therefore, the actual financial requirements and performance of the System may vary from the estimates presented herein, and such variations could be material.

The projected cash flows in 2021 through 2025 assume that the Board will enact increases in water and wastewater rates and charges of an average of 6% in 2022, 4% in 2023, 3% in 2024 and 2% in 2025. The projection indicates that under the conditions reflected herein, the System will generate operating revenues of approximately \$31.9 million in 2021, and approximately \$36.3 million in 2025.

Taking into consideration non-operating revenues, total revenues available for debt service and expenses are projected to be \$9.2 million in 2021, increasing to \$10.3 million in 2025. These projections are preliminary and subject to change. The projected user payments reflect the assumption that water consumption by customers will remain stable throughout the projection period. If such projections in water sales are not achieved, then the Board will have to increase water and sewer rates at a pace that is greater than assumed and/or decrease expenses in order to achieve the debt service coverage requirement.

On a preliminary basis, operating expenses are projected to increase from approximately \$22.7 million in 2021 to \$26.0 million in 2025. Operating expenses in 2021 through 2025 are expected to increase with inflation, with the exception of employee benefits which are projected using historical increases (and which have increased at rates significantly higher than inflation).

The projected debt service includes principal and interest payments on outstanding bonds as well as anticipated future bonds of the Authority. It is presently anticipated that the Authority will issue \$13,500,000 in additional debt in 2022, with the first interest payment due on such debt occurring in 2022, while the first principal payment is expected in 2023. These amounts and the timing of the potential issuance of debt are subject to change based on policy decisions by the Board. The proceeds of such bonds or notes will be used to pay a portion of the costs associated with the CIP.

In 2012, pursuant to its agreement with the City, the Board is obligated to make annual payments in lieu of taxes to the City. The projected amount to be paid from 2021 through 2025 is \$700,000 per year.

The debt service coverage ratios in Table 16 are based on total revenues available for expenses and debt service minus Operating Expenses divided by Total Debt Service. It is projected that debt service coverage will be equal to, or greater than, the minimum requirement of 1.15 throughout the Projection Period. All projections are presented on a preliminary basis and are subject to change. This conclusion assumes the following: the Board adopts the projected rate increases described above, expenses are maintained at or below projected levels, and the future changes in customer usage are consistent with the assumed rate of change. As noted earlier, the actual financial

requirements and performance of the System may vary from the estimates presented herein, and such variations could be material. With regard to the figures presented in Table 16, the preliminary projections show that debt service coverage is maintained at approximately the minimum levels required by the Bond Resolution. Drescher & Malecki LLP recommends that the Board consider taking the actions necessary such that the debt service coverage and surplus exceed the minimum requirement of 1.15 throughout the Projection Period so that if adverse changes occur (e.g., a greater than assumed decline in customer usage), the Board will have some flexibility to address such changes.

Table 16 – Preliminary Projections of Cash Flows and Rates

Line		Estimated				
		2021	2022	2023	2024	2025
	Revenues					
1	Operating revenues	31,864,560	33,328,028	34,623,149	35,633,343	36,327,010
2	Total	31,864,560	33,328,028	34,623,149	35,633,343	36,327,010
	Operations and Maintenance Expenses					
3	Salaries and benefits	12,024,064	12,375,012	12,737,480	13,111,881	13,498,640
4	Chemicals/sludge	5,468,747	5,861,076	6,064,223	6,273,978	6,490,554
5	Insurance/safety	441,354	473,017	489,411	506,340	523,818
6	Maintenance	754,353	808,471	836,493	865,426	895,300
7	Utilities	2,088,333	2,238,150	2,315,726	2,395,824	2,478,527
8	Other expenses	960,852	1,029,784	1,065,477	1,102,330	1,140,382
9	Equipment	220,630	236,458	244,654	253,116	261,854
10	PILOT payment to City	700,000	700,000	700,000	700,000	700,000
11	Total	22,658,334	23,721,967	24,453,464	25,208,895	25,989,076
12	Revenues available for debt service	9,206,226	9,606,060	10,169,685	10,424,449	10,337,934
	Debt Service					
13	Debt service on outstanding bonds	7,198,765	7,541,129	7,268,579	7,875,215	7,813,958
14	Debt service on future Authority bonds	-	275,000	795,000	780,000	765,000
15	Total	7,198,765	7,816,129	8,063,579	8,655,215	8,578,958
16	Surplus (line 12 - line 15)	2,007,461	1,789,931	2,106,106	1,769,234	1,758,976
17	Debt Service Coverage (minimum 1.15)	1.28	1.23	1.26	1.20	1.21
18	Actual/Proposed Rate Increase	2.99%	6.00%	4.0%	3.0%	2.0%

Notes:

- 1) Projected cash flow and rates above are subject to change.

Water Sales by Customer Class

Table 17 below illustrates the water consumption by customer class for each of the last four years.

Table 17 – Water Consumption by Customer Class
(Units in ccf (100 cubic feet))

District 1 - Residential	2017	2018	2019	2020
1st billing	100,240	102,819	100,028	96,480
2nd billing	108,303	107,658	102,006	93,876
3rd billing	103,770	107,252	100,227	95,253
4th billing	112,236	116,702	107,348	108,183
Total	424,549	434,431	409,609	393,792
District 2 - Residential				
1st billing	119,963	116,861	115,362	112,723
2nd billing	112,910	113,431	119,916	109,077
3rd billing	127,364	139,490	122,680	124,671
4th billing	122,452	122,469	128,268	137,452
Total	482,689	492,251	486,226	483,923
District 3 - Residential				
1st billing	91,737	91,913	89,117	86,070
2nd billing	87,527	91,425	84,898	84,925
3rd billing	93,276	99,438	91,686	97,608
4th billing	92,489	90,476	90,915	89,996
Total	365,029	373,252	356,616	358,599
District - Industrial				
1st billing	238,737	207,453	220,964	229,987
2nd billing	175,828	187,882	187,131	210,701
3rd billing	188,136	209,908	211,761	180,448
4th billing	249,756	321,441	292,765	266,435
Total	852,457	926,684	912,621	887,571
District - SIU				
1st billing	215,093	153,939	236,512	210,440
2nd billing	242,358	263,402	213,396	225,585
3rd billing	233,796	214,401	210,400	248,179
4th billing	280,474	245,080	229,831	246,508
Total	971,721	876,822	890,139	930,712
District - NR				
1st billing	1,205	569	527	339
2nd billing	950	659	391	248
3rd billing	790	637	406	1,489
4th billing	641	740	423	402
Total	3,586	2,605	1,747	2,478
Grand Total ccf	3,100,031	3,106,045	3,056,958	3,057,075
% Change from Prior Year	-3.51%	0.19%	-1.58%	0.00%

As illustrated by Table 17, water consumption has stayed fairly leveled over the past 3 years following a 3.51% decrease from 2016 to 2017 following the loss of a major customer in the Significant Industrial Users (SIU) category.

The ten largest water customers and wastewater customers are listed in Table 17A below.

Table 17A – Ten Largest Water and Wastewater Customers

	<u>Name</u>	<u>12/31/2020</u>	<u>% of</u>	<u>6/30/2021</u>
		<u>Revenue</u>	<u>Total</u>	<u>YTD</u>
1	Norampac Industries #50	\$ 6,350,172	49.39%	\$ 3,239,820
2	Niacet Corporation #17	1,022,031	7.95%	449,954
3	Covanta Niagara, LP #32	860,857	6.70%	401,499
4	Town of Niagara	792,882	6.17%	338,619
5	Occidental Chemical #22	786,923	6.12%	338,406
6	Olin Corp	737,342	5.73%	509,209
7	Seneca NF Gaming - Hotel	702,441	5.46%	343,663
8	Olin Corp #23	595,761	4.63%	333,100
9	Goodyear Tire & Rubber Co.	373,510	2.90%	155,287
10	Seneca NF Gaming	635,660	4.94%	116,894
		<u>\$ 12,857,579</u>	<u>100%</u>	<u>\$ 6,226,451</u>

The following table illustrates the historical trends in water consumption as well as the distribution of water sales by customer class:

Table 17B – Water Demand, Revenue and Account Information by Customer Class

<u>Class of Customer</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential/Commercial										
Consumption (CCF)	1,329,279	1,344,810	1,331,527	1,346,029	1,315,516	1,338,499	1,272,267	1,299,934	1,252,451	1,236,314
Number of Accounts	18,484	18,509	18,470	18,249	18,379	17,954	17,835	17,917	17,944	17,920
Revenues	\$ 4,221,051	\$ 4,402,971	\$ 4,674,230	\$ 4,765,290	\$ 4,728,578	\$ 4,982,389	\$ 4,822,853	\$ 5,120,518	\$ 4,985,808	\$ 4,981,737
Industrial										
Consumption (CCF)	725,931	780,293	849,504	745,073	741,580	804,241	852,457	926,684	912,621	887,571
Number of Accounts	339	250	253	255	256	248	261	245	245	258
Revenues	\$ 1,860,892	\$ 1,875,335	\$ 2,033,097	\$ 1,975,744	\$ 2,399,858	\$ 2,956,785	\$ 2,327,816	\$ 2,722,250	\$ 2,597,846	\$ 2,358,805
Significant Industrial Users (SIU)										
Consumption (CCF)	820,292	868,945	1,123,975	1,362,443	1,209,147	1,065,322	971,721	876,822	890,139	930,712
Number of Accounts	23	23	24	24	24	23	23	24	22	23
Revenues	\$ 1,456,938	\$ 1,868,321	\$ 2,402,154	\$ 2,858,019	\$ 2,553,174	\$ 2,334,010	\$ 2,166,094	\$ 2,238,898	\$ 2,067,362	\$ 2,219,211
Non-Resident Users*										
Consumption (CCF)	6,724	8,499	11,452	3,467	3,862	4,876	3,586	2,605	1,747	2,478
Number of Accounts	27	28	27	27	27	27	27	27	26	26
Revenues	\$ 102,362	\$ 291,683	\$ 289,239	\$ 22,750	\$ 35,981	\$ 46,376	\$ 30,912	\$ 22,467	\$ 22,232	\$ 30,633
Total										
Consumption (CCF)	2,882,226	3,002,547	3,316,458	3,457,012	3,270,105	3,212,938	3,100,031	3,106,045	3,056,958	3,057,075
Number of Accounts	18,873	18,810	18,774	18,555	18,686	18,252	18,146	18,213	18,237	18,227
Revenues	\$ 7,641,243	\$ 8,438,310	\$ 7,544,897	\$ 7,641,243	\$ 8,438,310	10,319,560	9,347,675	10,104,133	9,673,248	9,590,386
Plus: Other Departmental Revenues	1,423,258	2,091,531	4,016,732	3,981,869	3,466,847	1,137,966	1,497,008	1,450,379	1,921,647	1,351,427
Less: Adjustments	(140,271)	(121,154)	(149,000)	(100,245)	(82,143)	(311,134)	(304,026)	(25,013)	(10,629)	(1,124)
Total Departmental Revenue	<u>\$ 8,924,230</u>	<u>\$ 10,408,687</u>	<u>\$ 11,412,629</u>	<u>\$ 11,522,867</u>	<u>\$ 11,823,014</u>	<u>\$ 11,146,392</u>	<u>\$ 10,540,657</u>	<u>\$ 11,529,499</u>	<u>\$ 11,584,266</u>	<u>\$ 10,940,689</u>

Rates for Water Service and Wastewater Service

The rates for water service and wastewater service in 2021 increased 2.99% for both customers within and outside the City. The Board provides wastewater service to Town of Niagara customers outside of the City. The Board reached an agreement with the Town of Niagara in 2015 that includes the use of wastewater flow meters for measuring actual wastewater volumes discharged to the NFWB collection system. These two changes should result in increased revenues from these Out of District users. In addition, the Board is aggressively pursuing water theft and the potential under-recording of water use to ensure that every customer pays their fair share. This includes timely investigation of low or zero meter readings and the recently completed meter replacement program. Water and wastewater rates for 2021 and 2020 are provided in the financial statements of the Board for the year ended December 31, 2020 and are not repeated here. The consumption-related water rates of the Board for 2020-21 are shown in Table 17C below. Historical rate increases for water and wastewater customers are presented in Table 18 that follows.

Table 17C – 2021 Rates for Water Customers

	Inside City (\$/ccf)	Outside City (\$/ccf)
First 20,000 CF	3.52	9.40
Next 60,000 CF	3.05	8.21
Next 120,000 CF	2.59	6.84
> 200,000 CF	2.14	5.76

Table 18 – Historical Percentage Increases in Rates for Water and Wastewater Customers

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
2.60%	0.00%	4.40%	0.00%	2.40%	2.00%	0.00%	2.99%

The rate structure for sewer service consolidates all consumers into two classes: Significant Industrial Users (SIU), and Commercial, Small Industrial, and Residential Users (CSIRU). The user charge system includes ten Substance of Concern charges that are assessed exclusively within the SIU class.

The 2021 wastewater user charges for the CSIRU class of customers are summarized in Table 19.

Table 19 – 2021 Wastewater Rates for CSIRU Customers

<u>Minimum Charge</u>	<u>Volume Charge</u>
All meter sizes and flow up to 1,300 cf \$60.55	Usage in excess of 1,300 cf per quarter (per 100 cf) \$4.66

Three of the wastewater user charges for the SIU class of customers in 2021 are summarized in Table 20.

Table 20 – 2021 Wastewater Rates & Charges for SIU Customers

<u>Flow Charge (\$/MG)</u>	<u>Solids Charge (\$/lb)</u>	<u>SOC Charge (\$/lb)</u>
3,275	1.05	1.81

Interest Earnings

The System will earn interest on the funds maintained by the Board and the Authority. Based on the anticipated balances in each fund and the current investment rates, Table 21 presents the estimated interest earnings for 2021.

Table 21 – Estimated Interest Earnings - 2021

Fund	Average End of Month Balance	Interest Earnings Rate	Estimated Annual Earnings
Debt Service restricted cash	\$ 20,406,355	Varies	\$ 408,127
Capital Project restricted cash	2,786,581	0.25%	6,966
Operating cash	21,859,723	0.15%	32,790
			<u>\$ 447,883</u>

Interest earnings rates have continued to decrease in 2021. This situation is affecting the revenue of water utilities across the country.

System Operating Expenses

The System's expenses include the costs associated with the operation, maintenance and administration of the water treatment facilities and distribution system, as well as the costs associated with the operations of the wastewater collection and treatment facilities and stormwater facilities. The principal components of operating expenses other than labor as projected for 2021 are shown in Table 22

Table 22 – Major Components of Expenses Other Than Labor - 2021

Item	Amount
Chemicals	\$ 5,468,747
Utilities	2,088,333
Maintenance	754,353
Computer Service Contracts / Supplies / Professional Services	960,852
Insurance	441,354
Equipment	220,630

Chemicals are used in both the water treatment and the wastewater treatment processes although the majority of the cost of chemicals is wastewater related. The System receives low cost hydroelectric power from the New York Power Authority which significantly reduces its electrical costs relative to market rates. The Board will be proactively seeking opportunities to further reduce such costs. Other expenses are assumed to be affected by inflation as well as the results of cost saving initiatives of the Board during the projection period.

The total operating expenses of the Board in 2018, 2019 and 2020 were approximately \$29.2 million, \$30.0 million and \$31.2 million, respectively.

ECONOMIC AND DEMOGRAPHIC DATA

The following information was provided by other sources and provides updated information regarding the Board's Service Area. Since the Service Area consists primarily of the City of Niagara Falls, the information is limited to that portion of the Service Area that is within the boundaries of the City.

Major Employers in Niagara Falls Area

City / County	Employer	Employees
County	Niagara Falls Air Reserve Station	3165
City	Seneca Niagara Casino and Hotel	2528
City	Fashion Outlets of Niagara	2027
County	Niagara County	1425
County	General Motors Components Holdings, LLC	1400
City	Niagara Falls City School District	1200
City	Niagara Falls Memorial Medical Center	1029
County	North Tonawanda City School District	704
County	Niagara County Community College	700
County	Lockport City School District	675

Source: Niagara County Center for Economic Development

Population

Changes in the City's population compared to changes in the population of the County, the State and the United States are as follows:

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>% of Change 1990-2000</u>	<u>% of Change 2000-2010</u>
City	61,840	55,593	50,193	-10.10%	-9.71%
County	220,756	219,846	216,469	-0.41%	-1.54%
State	17,990,455	18,876,457	19,378,102	4.92%	2.66%
United States	248,709,873	281,421,906	308,745,338	13.15%	9.71%

Source: United States Bureau of the Census

Civilian Labor Force – Annual Average (thousands)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City	21.3	21.1	20.9	20.6	21.2
County	100.3	99.3	98.9	98.2	98.1
State	9,527.0	9,549.0	9,511.2	9,507.1	9,289.2

Source: New York State Department of Economic Development: Bureau of Economic and Demographic Information (note that “City” refers to Niagara Falls city, NY Statistical Area).

Yearly Average Unemployment Rates

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>
2016	7.2%	5.8%	4.8%
2017	7.9%	6.2%	4.7%
2018	6.7%	5.2%	4.1%
2019	5.9%	5.0%	3.8%
2020	13.8%	10.4%	10.0%

Source: New York State Department of Labor, Bureau of Labor Statistics, Information not seasonally adjusted (note that “City” refers to Niagara Falls city, NY Statistical Area)

Monthly Unemployment Rates

<u>Month</u>	<u>City</u>	<u>County</u>	<u>State</u>
January, 2021	10.6%	8.0%	9.4%
February	10.7%	8.4%	9.7%
March	9.7%	7.6%	8.4%

Source: New York State Department of Labor, Bureau of Labor Statistics, Information not seasonally adjusted (note that “City” refers to Niagara Falls city, NY Statistical Area).

Comparative Housing, Income and Population Data (as of December 2013)

	<u>City</u>	<u>State</u>	<u>U.S.</u>
Age Distribution:			
% under 5 years	5.6	6.0	6.4
% 20 to 64	61.0	80.0	80.2
% 65 and over	15.0	13.8	13.4
Median age	39.4	38.1	37.3
Person / Household	2.28	2.61	2.63
Housing:			
% owner occupied housing units	55.8%	54.2%	64.9
Median value housing (\$)	66,600	288,200	176,700
Median gross rent (\$)	718	1,109	962
% housing built 1990 - 2000	7.0	6.0	13.9
% housing built before 1939	33.2	33.1	13.7
% with 5 or more units in structure	14.1	34.9	24.5
Income:			
Per capita income (\$)	20,549	32,382	28,155
Median family income (\$)	32,326	58,003	53,046
% below poverty level	24.9	15.3	15.4

Source: Census of Population and Housing, U.S. Department of Commerce, Bureau of Census (note that "City" refers only to Niagara Falls)

NIAGARA FALLS WATER BOARD

**Financial Statements as of
December 31, 2020
Together with Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

NIAGARA FALLS WATER BOARD

Table of Contents December 31, 2020

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements:	
Statement of Net Position	11
Statement of Revenue, Expenses, and Change in Net Position	12
Statement of Cash Flows	13
Notes to Basic Financial Statements	15
Required Supplementary Information (Unaudited):	
Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)	40
Schedule of Proportionate Share of Net Pension Liability (Asset) - (Unaudited)	41
Schedule of Contributions - Pension Plans (Unaudited)	42
Other Supplementary Information:	
Schedule 1 - Niagara Falls Public Water Authority (a Blended Component Unit of the Niagara Falls Water Board) - Statement of Net Position	44
Schedule 2 - Niagara Falls Public Water Authority (a Blended Component Unit of the Niagara Falls Water Board) - Statement of Revenue, Expenses and Changes in Net Position	45
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46

INDEPENDENT AUDITOR'S REPORT

August 9, 2021

To the Board of Directors of
Niagara Falls Water Board

Report on the Financial Statements

We have audited the accompanying financial statements of the Niagara Falls Water Board (the Board) as of and for the year ended December 31, 2020, and the related notes to financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board, as of December 31, 2020, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Information

The financial statements and other supplementary information of the Board as of December 31, 2019, were audited by other auditors whose report dated May 13, 2020, expressed an unmodified opinion on those financial statements.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in total other postemployment benefit liability and related ratios, schedule of proportionate share of net pension liability (asset), and schedule of contributions - pension plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The accompanying other information as listed in the table of contents of the Niagara Falls Water Authority (a blended component unit of the Board) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The 2020 other information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other information is fairly stated, in all material respects, in relation to the basic financial statements for the year ended December 31, 2020 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2021, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

NIAGARA FALLS WATER BOARD

Management's Discussion and Analysis (Unaudited) December 31, 2020

As management of the Niagara Falls Water Board (the Board), we offer readers of the Board's financial statements this narrative and analysis of the financial activities of the Board for the year ended December 31, 2020.

Following this Management's Discussion and Analysis (MD&A) are the financial statements of the Board together with the notes thereto. Please read the MD&A in conjunction with the Board's financial statements and the accompanying notes in order to obtain a full understanding of the Board's financial position and results of operations.

The Board was created by an Act of the State of New York, as more fully described in note 1 to the financial statements, and commenced operations on September 25, 2003. In accordance with an agreement with the City of Niagara Falls, New York (the City) the Board received all assets, liabilities and operating activities (including all personnel) of the City's former Water and Sewer Funds. In return, the Board issued debt, which was used to defease outstanding City bonded debt relating to its Water and Sewer Funds.

Financial Highlights

- The liabilities and deferred inflows of resources of the Board exceeded its assets and deferred outflows of resources by (\$5,009,060) and (\$4,328,324) (net position) at December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, (\$64,043,761) and (\$59,541,445) (unrestricted net position), respectively, may be used to meet the Board's ongoing obligations.
- The Board's operating income for the years ended December 31, 2020 and 2019 was \$1,302,070 and \$1,230,642, respectively.
- The Board's total bond indebtedness decreased by \$4,462,651 during the current fiscal year as a result of principal payments made of \$4,332,897 and premium amortization of \$129,754.
- The Board reflected a liability for postemployment benefits of \$94,980,144 and \$88,864,058 at December 31, 2020 and 2019, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements which include the financial activities of the Board, the Niagara Falls Public Water Authority (the Authority) (a blended component unit), and the notes to financial statements. The reasons for blending the financial activities are explained in note 1 to the financial statements. An overview of the responsibilities of the Board and the Authority is presented as follows.

<u>Board</u>	<u>Authority</u>
* Owns the System	* Issues debt
* Operates and maintains the System	* Provides proceeds of debt for construction and improvements
* Responsible for System improvements	* Provides oversight regarding adequacy of revenues and System conditions
* Sets rates and collects revenues	
* Pays debt service on bonds	

NIAGARA FALLS WATER BOARD

Management's Discussion and Analysis (Unaudited)

December 31, 2020

The financial statements are designed to provide readers with a broad overview of the Board's finances in a manner similar to a private-sector business, and are organized as follows:

- The statement of net position presents information on all of the Board's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.
- The statement of revenue, expenses and changes in net position presents information on how the Board's net position changed during each reporting period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows for future fiscal periods (e.g., uncollected water and sewer rents, earned but unused vacation and postemployment benefits).
- The statement of cash flows presents information depicting the Board's cash flow activities for each reporting period and the effect that these activities had on the Board's cash and equivalent balances.
- The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 16 through 40 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Board's financial position. Liabilities and deferred inflows exceeded assets and deferred outflows by \$(5,009,060) at December 31, 2020, as compared to \$(4,328,324) at December 31, 2019, as presented as follows:

	Niagara Falls Water Board's Net Position			
	December 31,		Increase/(Decrease)	
	<u>2020</u>	<u>2019</u>	<u>Dollars</u>	<u>Percent</u>
Current assets	\$ 32,833,618	\$ 35,227,654	\$ (2,394,036)	-6.8%
Noncurrent assets	<u>146,582,024</u>	<u>147,358,855</u>	<u>(776,831)</u>	-0.5%
Total assets	<u>179,415,642</u>	<u>182,586,509</u>	<u>(3,170,867)</u>	-1.7%
Deferred outflows	<u>8,282,199</u>	<u>1,135,983</u>	<u>7,146,216</u>	629.1%
Current liabilities	11,441,663	11,861,344	(419,681)	-3.5%
Noncurrent liabilities	<u>180,187,819</u>	<u>174,851,266</u>	<u>5,336,553</u>	3.1%
Total liabilities	<u>191,629,482</u>	<u>186,712,610</u>	<u>4,916,872</u>	2.6%
Deferred inflows	<u>1,077,419</u>	<u>1,338,206</u>	<u>(260,787)</u>	-19.5%
Net investment in capital assets	35,841,765	29,053,483	6,788,282	23.4%
Restricted	23,192,936	26,159,638	(2,966,702)	-11.3%
Unrestricted	<u>(64,043,761)</u>	<u>(59,541,445)</u>	<u>(4,502,316)</u>	7.6%
Total net position	<u>\$ (5,009,060)</u>	<u>\$ (4,328,324)</u>	<u>\$ (680,736)</u>	15.7%

NIAGARA FALLS WATER BOARD

Management's Discussion and Analysis (Unaudited)

December 31, 2020

The Board's net investment in capital assets, is a surplus net position of \$35,841,765 and \$29,053,483 at December 31, 2020 and 2019, respectively. This results from the timing of the amortization of the Board's capital debt, as outstanding principal for most of the Board's serial bonds is not paid until late into the life of the debt, while depreciation occurs annually.

The Board's unrestricted net position (deficit) was \$(64,043,761) and \$(59,541,445) at December 31, 2020 and 2019, respectively. The restricted debt service portion of the Board's net position, \$6,636,484 and \$5,754,527 at December 31, 2020 and 2019, respectively, represents funds that are set aside to be used towards debt service. The restricted capital projects portion of the Board's net position, \$2,786,581 and \$6,786,581 at December 31, 2020 and 2019, respectively, represents funds that are set aside for the reconstruction of the Falls Street Tunnel and capital projects. The restricted debt service reserve fund portion of the Board's net position, \$8,741,079 and \$8,389,738 at December 31, 2020 and 2019, respectively, represents funds for future debt service payments. The restricted operating and maintenance reserve fund portion of the Board's net position, \$5,028,792 and \$5,228,792 at December 31, 2020 and 2019, respectively, represents funds to pay the cost of extraordinary repairs to and maintenance of the system.

The Board's unrestricted net position is the remainder of total net position after taking net investment in capital assets, restricted for capital projects, restricted for operations and maintenance and restricted for debt related reserves into account. Unrestricted net position (deficit) increased in 2020 by \$4,502,316 because of an increase in net investment in capital assets of \$6,788,282, a decrease of \$2,966,702 in restricted net position and a loss of \$680,736.

A comparison of current assets to current liabilities of the Board at December 31, 2020 and 2019 follows:

	<u>2020</u>	<u>2019</u>
Current assets	<u>\$ 32,833,618</u>	<u>\$ 35,227,654</u>
Current liabilities	<u>\$ 11,441,663</u>	<u>\$ 11,861,344</u>
Ratio of current assets to current liabilities	2.87	2.97

The Board's total net position decreased by \$680,736 during the year ended December 31, 2020, as compared to a decrease of \$207,188 for the year ended December 31, 2019. Key elements of the current year's decrease in net position (deficit) are as follows:

	<u>Niagara Falls Water Board's Changes in Net Position</u>		
	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>
Total operating revenue	\$ 32,492,767	\$ 31,188,271	\$ 1,304,496
Total operating expenses	<u>(31,190,697)</u>	<u>(29,957,629)</u>	<u>(1,233,068)</u>
Operating income	1,302,070	1,230,642	71,428
Total non-operating revenue (expenses)	<u>(1,982,806)</u>	<u>(1,437,830)</u>	<u>(544,976)</u>
Change in net position, before restatement	<u>\$ (680,736)</u>	<u>\$ (207,188)</u>	<u>\$ (473,548)</u>

The Board's major sources of operating revenue are charges for water and sewer services which comprise approximately 95% of total operating revenue. These revenues combined increased \$1,478,076 from 2019. These revenues are dependent upon rates charged for these services, with such rates being determined by the Board. Please see the section entitled "Economic Factors and Next Year's Rates" within this MD&A for a listing of the rates charged during 2020 and approved rates for 2021.

NIAGARA FALLS WATER BOARD

Management's Discussion and Analysis (Unaudited) December 31, 2020

The Board's largest operating expense area relates to its employees. Together, personnel costs (salaries) and employee benefits approximate 45% of total operating expenses. In 2020, these costs totaled approximately \$14.2 million as compared to \$13.1 million in 2019, representing an approximate \$1.1 million increase in this area. This increase is due to cost of living adjustments and the net impact of the increases in the total otherpostemployment benefits liability and the net pension liability in the current year.

Within the non-operating revenue (expenses) category, interest expense is by far the largest expense item and represents the cost of carrying serial bonds, which totaled \$84,967,489 and \$89,300,386, at December 31, 2020 and 2019, respectively.

The following is a summary of the Board's cash flow activities for the years ended December 31, 2020 and 2019:

Cash flows provided by (used in):	<u>2020</u>	<u>2019</u>
Operating activities	\$ 7,989,258	\$ 7,138,586
Capital and related financing activities	(13,931,424)	(11,222,319)
Investing activities	<u>3,611,399</u>	<u>6,882,645</u>
Change in cash and equivalents	(2,330,767)	2,798,912
Cash and equivalents at beginning of year	<u>24,190,490</u>	<u>21,391,578</u>
Cash and equivalents at end of year	<u>\$ 21,859,723</u>	<u>\$ 24,190,490</u>

The Board's available cash and equivalents decreased by \$2,330,767 during the year ended December 31, 2020, as compared to an increase of \$2,798,912 during the year ended December 31, 2019. Cash provided by operating activities reflected a positive balance of \$7,989,258 and \$7,138,586, respectively, for the years ended December 31, 2020 and 2019.

Capital Assets and Debt Administration

Capital Assets - The Board's investment in capital assets (net of accumulated depreciation) as of December 31, 2020, amounted to \$123,389,088, as compared to \$121,199,217 at December 31, 2019. This includes land, plant and transmission (infrastructure type assets), machinery and equipment, and construction in progress. The Board's greatest investment in capital assets comes in the form of infrastructure. Significant factors affecting capital assets during the reporting period include:

- The Board recorded total additions to capital assets of \$8,641,637.
- Additions to construction in progress totaled \$8,641,637. Completed capital projects transferred to depreciable asset categories totaled \$6,137,344.
- The Board recorded total depreciation of \$6,451,766 and \$6,891,972 for the years ended December 31, 2020 and 2019, respectively.

NIAGARA FALLS WATER BOARD

Management's Discussion and Analysis (Unaudited) December 31, 2020

A summary of capital assets, net of depreciation where applicable, is as follows:

	<u>2020</u>	<u>2019</u>
Nondepreciable assets:		
Land	\$ 463,713	\$ 463,713
Construction in progress	6,499,413	3,995,120
Depreciable assets:		
Plant and transmission assets (water system)	42,535,883	44,863,935
Plant and transmission assets (wastewater system)	67,887,109	65,906,055
Machinery and equipment	6,002,970	5,970,394
Total	<u>\$ 123,389,088</u>	<u>\$ 121,199,217</u>

Construction in progress represents ongoing capital construction which will be transferred to the appropriate asset category (and begin to be depreciated) upon completion.

More detailed information about the Board's capital assets is presented in the notes to financial statements.

Long-Term Debt - At December 31, 2020, the Board had outstanding bonds totaling \$84,967,489 as compared to \$89,300,386 at December 31, 2019. During the year ended December 31, 2020, the Board made principal payments of \$4,332,897 on these bonds.

The Board used bond debt to finance the original purchase of the assets (net of liabilities and including the water, sewer and storm water systems) from the City. The Board has and may do so in the future utilized bond debt issuances as a primary source of funds for construction, renovations and system improvements.

Postemployment Benefits - Upon retirement, the Board's employees are entitled to continuous health insurance coverage. At December 31, 2020 and 2019, the liability recorded for these benefits amounted to \$94,980,144 and \$88,864,058, respectively.

Compensated Absences - Upon separation, Board employees are entitled to payment of unused sick and vacation time. The total liability relating to these payments at December 31, 2020 is \$733,059, compared to December 31, 2019 is \$736,197. The timing of the payments relating to compensated absences is dependent upon many factors, including the retirement or separation from service, and is therefore difficult to predict; however, the Board estimates that \$36,653 of such liability is current at December 31, 2020.

Economic Factors and Next Year's Rates

As noted earlier, the Board's largest sources of operating revenues are water and sewer rents from customers. These revenues result from rates charged based on water usage by the individual customer. Rates can be adjusted accordingly in order to help meet the expenses of the Board. When considering rate changes, the Board utilizes the services of a rate consultant to help forecast the magnitude and effects of potential changes. As required by law, the general public's opinions are also taken into consideration, through public hearings, when contemplating a change in rates charged for services.

NIAGARA FALLS WATER BOARD

Management's Discussion and Analysis (Unaudited)

December 31, 2020

Water rates charged for 2020 and approved rates to be charged for 2021 are as follows:

	<u>2020</u>		<u>2021</u>	
	Amount to be charged (per		Amount to be charged (per	
	100 cubic feet)		100 cubic feet)	
	Inside city	Outside city	Inside city	Outside city
<u>Amount Consumed</u>				
First 20,000 cubic feet per quarter	\$ 3.42	\$ 9.13	\$ 3.52	\$ 9.40
Next 60,000 cubic feet per quarter	\$ 2.96	\$ 7.97	\$ 3.05	\$ 8.21
Next 120,000 cubic feet per quarter	\$ 2.51	\$ 6.64	\$ 2.59	\$ 6.84
Over 200,000 cubic feet per quarter	\$ 2.08	\$ 5.59	\$ 2.14	\$ 5.76
Minimum charge for water consumption per quarter	\$ 44.40	\$ 118.68	\$ 45.73	\$ 122.23

In addition to the above schedule of rates for water consumed, a demand charge is assessed for each user's meter, as set forth below:

	<u>2020 Rate</u>	<u>2021 Rate</u>
	(per quarter)	(per quarter)
<u>Size and Type</u>		
Under 1" Disc	\$ 3.70	\$ 3.70
1" Disc	\$ 25.00	\$ 25.00
2" Disc	\$ 40.00	\$ 40.00
2" Compound	\$ 40.00	\$ 40.00
3" Compound	\$ 50.00	\$ 50.00
4" Compound	\$ 100.00	\$ 100.00
6" Compound	\$ 220.00	\$ 220.00
8" Compound	\$ 250.00	\$ 250.00
10" Compound	\$ 275.00	\$ 275.00
12" Compound	\$ 400.00	\$ 400.00

In addition to charging for water consumption and services, the Board also charges users with respect to sewer and wastewater services provided. All users have been divided into two "user classes" - Commercial/Small Industrial/Residential Users (CSIRU) and Significant Industrial Users (SIU).

Sewer rates for the CSIRU class are determined by the total metered water consumption in each quarter. Rates charged for 2020 and rates to be charged during 2021 are as follows:

<u>Amount Consumed</u>	<u>2020</u>	<u>2021</u>
Minimum charge per quarter (up to 1,300 cubic feet)	\$ 58.79	\$ 60.55
Additional usage in excess of 1,300 cubic feet (\$/cubic feet)	\$ 4.52	\$ 4.66

NIAGARA FALLS WATER BOARD

Management's Discussion and Analysis (Unaudited) December 31, 2020

Sewer rates for the SIU class are determined each quarter based on the actual measured quantities and composition of wastewater flow. Such rates are determined by the Board and are based upon five representative 24-hour composite samples taken quarterly. Rates for the SIU class for the year ended December 31, 2020 were \$3,176 per million gallons for wastewater flow; \$1.02 per pound for all suspended solids discharged; and \$1.76 per pound for all soluble organic carbon compounds discharged. Rates approved for the SIU class for 2021 are \$3,274.99 per million gallons for wastewater flow; \$1.05 per pound for all suspended solids discharged; and \$1.81 per pound for all soluble organic carbon compounds discharged. In addition, SIU's are charged fees, as needed, for certain other "substances of concern" which are discharged in their wastewater.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 virus on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Board and its future results and financial position is not presently determinable.

Contacting the Board's Financial Management

This financial report is designed to provide taxpayers, customers, and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Brian Majchrowicz, Michael O'Laughlin Municipal Water Plan, 5815 Buffalo Avenue, Niagara Falls, New York 14304.

NIAGARA FALLS WATER BOARD

Statement of Net Position

December 31, 2020

(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 21,859,723	\$ 24,190,490
Accounts receivable, net of allowance for uncollectible accounts	8,387,002	8,800,667
Due from City of Niagara Falls, net of allowance for uncollectible accounts	1,647,914	1,184,940
Grants receivable	686,677	766,937
Prepaid expenses	252,302	284,620
Total current assets	<u>32,833,618</u>	<u>35,227,654</u>
NONCURRENT ASSETS:		
Restricted cash and investments -		
Capital projects	2,786,581	6,786,581
Debt service fund	6,636,484	5,754,527
Debt service reserve fund	8,741,079	8,389,738
Operating and maintenance reserve	5,028,792	5,228,792
Capital assets, net	<u>123,389,088</u>	<u>121,199,217</u>
Total noncurrent assets	<u>146,582,024</u>	<u>147,358,855</u>
Total assets	<u>179,415,642</u>	<u>182,586,509</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	3,492,526	1,135,983
Other postemployment benefits related	4,789,673	-
Total deferred outflows of resources	<u>8,282,199</u>	<u>1,135,983</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	2,440,543	2,582,753
Accrued liabilities	1,959,941	2,147,891
Overpayments	8,200	5,900
Current portion, compensated absences	36,653	36,810
Current portion, total other postemployment benefits obligation	2,530,010	2,771,796
Current portion, bonds payable	4,466,316	4,316,194
Total current liabilities	<u>11,441,663</u>	<u>11,861,344</u>
NONCURRENT LIABILITIES:		
Compensated absences	696,406	699,387
Total other postemployment benefit obligation	92,450,134	86,092,262
Bonds payable	82,306,914	86,919,687
Net pension liability	<u>4,734,365</u>	<u>1,139,930</u>
Total noncurrent liabilities	<u>180,187,819</u>	<u>174,851,266</u>
Total liabilities	<u>191,629,482</u>	<u>186,712,610</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	228,562	428,353
Gain on refunding	848,857	909,853
Total deferred inflows of resources	<u>1,077,419</u>	<u>1,338,206</u>
NET POSITION		
Net investment in capital assets	35,841,765	29,053,483
Restricted for capital projects	2,786,581	6,786,581
Restricted for debt service	6,636,484	5,754,527
Restricted for debt service reserve fund	8,741,079	8,389,738
Restricted for operating and maintenance	5,028,792	5,228,792
Unrestricted	<u>(64,043,761)</u>	<u>(59,541,445)</u>
Total net position	<u>\$ (5,009,060)</u>	<u>\$ (4,328,324)</u>

The accompanying notes are an integral part of these statements.

NIAGARA FALLS WATER BOARD**Statement of Revenue, Expenses, and Change in Net Position
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES:		
Water rents and charges	\$ 9,984,043	\$ 10,106,620
Sewer rents and charges	21,005,502	19,404,849
Licenses and permits	237,179	243,507
Grants	1,242,976	1,261,101
Other services	<u>23,067</u>	<u>172,194</u>
Total operating revenues	<u>32,492,767</u>	<u>31,188,271</u>
OPERATING EXPENSES:		
Personnel costs	6,398,779	6,140,679
Contractual expenses	10,551,050	9,990,533
Employee benefits	7,789,102	6,934,445
Depreciation expense	<u>6,451,766</u>	<u>6,891,972</u>
Total operating expenses	<u>31,190,697</u>	<u>29,957,629</u>
Total operating income	<u>1,302,070</u>	<u>1,230,642</u>
NON-OPERATING REVENUES (EXPENSES):		
Use of money and property	644,697	1,163,345
Gain on sale of property	308,397	290,485
Interest expense	<u>(2,935,900)</u>	<u>(2,891,660)</u>
Total non-operating expenses, net	<u>(1,982,806)</u>	<u>(1,437,830)</u>
CHANGE IN NET POSITION	(680,736)	(207,188)
NET POSITION - beginning of year	<u>(4,328,324)</u>	<u>(4,121,136)</u>
NET POSITION - end of year	<u>\$ (5,009,060)</u>	<u>\$ (4,328,324)</u>

The accompanying notes are an integral part of these statements.

NIAGARA FALLS WATER BOARD**Statement of Cash Flows****For the Year Ended December 31, 2020****(With Comparative Totals for 2019)**

	<u>2020</u>	<u>2019</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from customers and users	\$ 32,526,018	\$ 30,427,792
Payments to suppliers	(12,620,781)	(11,771,953)
Payments to employees	<u>(11,915,979)</u>	<u>(11,517,253)</u>
Net cash flow from operating activities	<u>7,989,258</u>	<u>7,138,586</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(6,681,798)	(6,313,541)
Proceeds from insurance recoveries	308,397	290,485
Repayments of capital debt	(4,332,897)	(4,269,607)
Issuance of capital debt	-	2,189,993
Interest paid on capital debt	<u>(3,225,126)</u>	<u>(3,119,649)</u>
Net cash flow from capital and related financing activities	<u>(13,931,424)</u>	<u>(11,222,319)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	644,697	1,163,345
Gains (losses) on restricted cash and investments -		
Capital projects	4,000,000	5,885,846
Debt service fund	(881,957)	(959,296)
Debt service reserve fund	(351,341)	792,750
Operating and maintenance reserve	<u>200,000</u>	<u>-</u>
Net cash flow from investing activities	<u>3,611,399</u>	<u>6,882,645</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,330,767)	2,798,912
CASH AND CASH EQUIVALENTS - beginning of year	<u>24,190,490</u>	<u>21,391,578</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 21,859,723</u>	<u>\$ 24,190,490</u>

The accompanying notes are an integral part of these statements.

NIAGARA FALLS WATER BOARD

Statement of Cash Flows

For the Year Ended December 31, 2020

(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income	\$ 1,302,070	\$ 1,230,642
Adjustments to reconcile operating income to net cash flow from operating activities:		
Depreciation	6,451,766	6,891,972
Allowance for doubtful accounts	356,034	(278,241)
Changes in:		
Accounts receivable	57,631	218,366
Due from City of Niagara Falls	(462,974)	65,283
Grants receivable	80,260	(766,937)
Prepaid expenses	32,318	(187,698)
Accounts payable	(2,102,049)	(1,593,722)
Accrued liabilities	(89,474)	7,040
Overpayments	2,300	1,050
Compensated absences	(3,138)	26,786
Total OPEB liability	6,116,086	1,254,998
Net pension liability	3,594,435	664,822
Deferred outflows of resources - pension related	(2,356,543)	685,737
Deferred outflows of resources - total other postemployment benefits related	(4,789,673)	-
Deferred inflows of resources - pension related	(199,791)	(1,081,512)
Net cash flow from operating activities	<u>\$ 7,989,258</u>	<u>\$ 7,138,586</u>
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION:		
Adjustment for capital assets financed by accounts payable	<u>\$ 1,959,839</u>	<u>\$ 1,580,759</u>
Disposal of fully depreciated capital assets	<u>\$ -</u>	<u>\$ 127,258</u>

The accompanying notes are an integral part of these statements.

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Niagara Falls Water Board (the Board) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Included in the Board's reporting entity is a blended component unit, the Niagara Falls Public Water Authority (the Authority).

Reporting Entity

The Board was created by Chapter 325 of the Laws of 2002 of the State of New York (the State), codified as Sections 1231-a of Title 10-C of Article 5 of the Public Authorities Law of the State, as amended (the Board Act). The Authority was created by Chapter 275 of the Laws of 2002 of the State, constituting the Niagara Falls Public Water Authority Act, codified as Sections 1230-a through 1230-aa of Title 10-B of Article 5 of the Public Authorities Law of the State, as amended (the Authority Act).

The Board is a corporate municipal instrument of the State consisting of five members primarily responsible for the jurisdiction, control, possession, supervision and use of water, wastewater and storm water systems within the City of Niagara Falls, New York (the City).

The Authority is a public benefit corporation consisting of three members and is primarily responsible for obtaining financing for water, wastewater and storm water systems within the City.

Board members for both the Board and Authority are appointed pursuant to the enabling legislation.

Pursuant to the Board Act and the Authority Act, the Board, the Authority and the City executed an acquisition agreement effective September 25, 2003 whereby the Authority issued bonds enabling the Board to purchase all of the assets, net of liabilities, of the City's public water, wastewater and storm water systems. The Board began operations of these systems on that date.

Currently there are approximately 18,282 residential, 331 commercial and 22 large industrial type customers. Total population served by the water system is 47,136. The average daily demand is 22.6 million gallons per day. The Board's wastewater system generally covers the same service area and customer base as the water system. The wastewater treatment plant processes approximately 24.1 million gallons of wastewater per day.

Blended Presentation of Component Unit - Although they are legally separate entities, blended component units are, in substance, part of the government's operations. The following is a brief description of the blended component unit included in the primary government:

Niagara Falls Public Water Authority - Among the powers given to the Authority is the ability to borrow money and issue negotiable or non-negotiable notes, bonds or other obligations for the acquisition, renovation and improvement to the regional water system.

The Authority may also apply for licenses, permits and approval of plans associated with the acquisition, renovation and improvement of the regional water system. In the process of borrowing funds to improve facilities, professional consultants may be retained to offer technical services and advice for the purpose and benefit of acquiring or improving the systems.

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

The Authority has entered into an agreement with the Board which requires the Board to make payments for the debt service required by these bonds. The Board is also required to make payments for Authority expenses. The obligation to make debt service payments is a general obligation to which its full faith and credit are pledged.

The Authority is considered a component unit since the Board is obligated to pay debt service and fund other accounts of the Authority. Thus, the Authority is “fiscally dependent” upon the Board to establish rates and collect fees necessary to pay these debts. Further, the Authority is “blended” with the Board in the financial statements because the Authority exists solely to provide services that predominantly benefit the Board. The Authority has no employees of its own.

Measurement Focus and Basis of Accounting

The financial statements of the Board have been prepared in accordance with GAAP as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles.

The activities of the Board are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, deferred outflows of resources, deferred inflows of resources, net position, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

Revenues from providing water and sanitary sewer services are reported as operating revenues and are recognized at the time of service delivery based on actual or estimated meter readings. Transactions which are capital, financing or investing related are reported as non-operating revenues. All expenses related to operating systems are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Budgets

The annual budget is the financial plan for the effective operation of the Board and the Authority. The Board uses the budget as a management tool for internal control purposes and to assist in setting of appropriate user charges.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

- Cash and Equivalents - The Board’s cash and equivalents represent cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.
- Restricted Cash and Investments - Capital Projects - In 2007, the Board received \$19,000,000 from the New York State Power Authority (the Power Authority) which is restricted for capital improvement projects including, but not limited to, the Falls Street Tunnel. At December 31, 2020 and 2019, the total amount restricted for capital projects amounted to \$2,786,581 and \$6,786,581, respectively.
- Restricted Cash and Investments - Debt Service Fund - As a result of the purchase of the water and sewer systems from the City, certain bond covenants, as disclosed in note 5, were established requiring resources (consisting of cash and investments) to be maintained for specific purposes necessary to operate the water and sewer systems. At December 31, 2020 and 2019, the total amount restricted for debt service fund amounted to \$6,636,484 and \$5,754,527, respectively.

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

- Restricted Cash and Investments - Debt Service Reserve Fund - This fund was established to fulfill the debt service reserve requirements on the outstanding bonds as and when they become due. At December 31, 2020 and 2019, the total amount restricted for debt service reserve fund amounted to \$8,741,079 and \$8,389,738, respectively.
- Restricted Cash and Investments - Operating and Maintenance - This fund is restricted to pay the cost of extraordinary repairs to and maintenance of the system. At December 31, 2020 and 2019, the total amount restricted for operating and maintenance amounted to \$5,028,792 and \$5,228,792, respectively.

Cash has been deposited into various trust funds with a fiscal agent to satisfy certain covenants. Further, the amounts have been invested into various short-term investments in compliance with the Board's investment policy. Certain funds were used for their intended purposes and are no longer available for investment.

- Fair Value Measurements and Disclosures

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Board has the ability to access.
- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the assets or liabilities; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at December 31, 2020.

The following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds and equities - Valued at the closing price reported on the active market in which the individual securities are traded.

Corporate and government bonds - Valued at the closing price reported on the active markets in which the individual securities are traded.

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

The Board assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.

- Accounts Receivable - All receivables, including accrued unbilled revenues, are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Board has adopted a policy of recognizing water and sewer revenues in the period in which the services are provided. Billings to customers generally consist of revenues earned from the prior three months for quarterly billed customers, and revenues earned from the prior month for monthly billed customers.

The collection of current water and sewer charges is performed by the Board. The City, acting as collecting agent for the Board, collects delinquent water and sewer charges, which become a lien upon the premises collected with City taxes.

- Prepaid Expenses - Prepaid expenses reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.
- Capital Assets - Capital assets acquired by the Board as part of the September 25, 2003 acquisition agreement with the City were reported at fair value on the acquisition date. Capital assets acquired by the Board subsequent to the initial acquisition are stated at cost including interest capitalized during construction, where applicable. Costs include material, direct labor and other items such as supervision, payroll taxes, employee benefits, transportation, and certain preliminary legal, engineering and survey costs. The costs of repairs and maintenance are expensed as incurred. Contributed fixed assets are recorded at fair market value at the date received.

Construction projects are conducted on a continuing basis in order to maintain or enhance the systems. Preliminary legal, engineering and survey costs include studies conducted prior to the actual construction period that directly result in specific construction projects. While capital projects are in process, all associated costs are recorded as construction in progress. Once completed, all costs, including legal, engineering, survey and construction costs, are reclassified to their respective asset categories and depreciated according to their useful lives.

Depreciation has been recorded using the straight-line method of depreciation. The estimated useful lives of the Board's major classes of depreciable assets are based on the utility of the respective assets. The estimated useful lives of depreciable fixed assets are as follows:

	<u>Years</u>
Land	N/A
Plant and transmission assets	25 - 50
Machinery and equipment	5 - 20

- Compensated Absences - Board employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, all union employees are entitled to payment for accumulated vacation and compensatory time limited to amounts defined under their respective collectively bargained agreements. All non-union employees are entitled to similar benefits.

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

Payments of vacation and sick leave and compensatory time are dependent upon many factors; therefore, the timing of future payments is not readily determinable. However, management believes that sufficient resources will be available for the payments of vacation leave and compensatory time when such payments become due.

In addition to providing pension benefits, the Board provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the Board's employees may become eligible for these benefits if they reach normal retirement age while working for the Board. Health care benefits are provided through the Board's self-insurance plan. The Board pays 100% of the cost for current retiree's health care insurance, excluding co-pays which are the sole responsibility of the retirees. Survivors of retirees hired prior to December 31, 2007 continue to receive healthcare coverage. Future retirees hired after December 31, 2007 will pay 20% of the premiums for their insurance coverage. They will be enrolled in a "Medicare Advantage Plan" at age 65. The Board recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

- **Bond and Note Discounts/Premiums** - Discounts and premiums are presented as components of bonds or notes payable. The discounts/premiums are amortized over the life of the bonds and notes on a straight-line interest method.
- **Long-term Obligations** - Long-term debt obligations are reported as liabilities in the accompanying statements of net position.
- **Pension Plan** - The Board provides retirement benefits for substantially all of its regular, full-time employees through contributions to the New York State Employees' and Local Employees' Retirement System (ERS). The ERS provides various plans and options, some of which require employee contributions, as described in note 8.
- **Deferred Outflows of Resources and Deferred Inflows of Resources** - Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has various items that qualify for reporting in this category. The first item is related to pensions and represents the effect of the net change in the Board's proportion of the collective net pension liability and difference during the measurement period between the Board's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second item is the Board contributions to the pension systems subsequent to the measurement date. Additionally, the actuarial differences resulting from the valuation of the other postemployment benefits liability are recognized in the category.

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

Deferred inflows of resources represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two items that qualify for reporting in this category. The first is related to pensions and represents the effect of the net change in the Board's proportion of the collective net pension liability and difference during the measurement periods between the Board's contributions and its proportion share of total contributions to the pension systems not included in the pension expense. The second item is the deferred gain the Authority incurred on its debt refunding transaction.

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Board is a public benefit corporation of the State of New York. As such, income earned in the exercise of its essential government functions is exempt from State and Federal income taxes.

Reclassification

Certain amounts in 2019 have been reclassified to conform with the 2020 presentation.

2. CASH AND EQUIVALENTS AND INVESTMENTS

The Board's investment policies are governed by State statute. Board monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Board is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand deposits and certificates of deposit in an amount equal to or greater than the amount of all deposits not covered by FDIC insurance coverage. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State.

The Board's cash and equivalents at December 31, 2020 and 2019 include the following captions on the statements of net position:

	<u>2020</u>	<u>2019</u>
Cash and equivalents	\$ 21,859,723	\$ 24,190,490
Restricted cash and investments:		
Capital projects	2,786,581	6,786,581
Debt service fund	6,636,484	5,754,527
Debt service reserve fund	8,741,079	8,389,738
Operating and maintenance	5,028,792	5,228,792
Total	<u>\$ 45,052,659</u>	<u>\$ 50,350,128</u>

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

Cash and equivalents are comprised of the following:

	<u>2020</u>	<u>2019</u>
Petty cash (uncollateralized)	\$ 100	\$ 100
Deposits	30,243,839	22,357,347
Investments	14,808,720	27,992,681
Total	<u>\$ 45,052,659</u>	<u>\$ 50,350,128</u>

Custodial Credit Risk - Deposits - In the case of deposits, this is the risk that, in the event of a bank failure, the Board's deposits may not be returned to it. As noted above, by State statute, all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2020 and 2019, all uninsured bank deposits were fully collateralized with securities held by the pledging financial institution's trust department or agent in the Board's name.

Custodial Credit Risk - Investments - For investments, this is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments that are in the possession of an outside party. At December 31, 2020 and 2019, all of the Board's restricted cash in the form of investments was registered in the Board's name and was invested in U.S. Government backed securities.

The Board's investments at December 31, 2020, consist of the following:

<u>Investments</u>	<u>Maturity</u>	<u>Fair Value</u>
U.S. Treasuries	2/15/2021 - 11/1/2041	\$ 5,795,683
Federal Home Mortgage Corp.	1/14/2021	6,632,444
Certificates of deposit	1/14/2021 - 6/7/2021	2,380,593
Total investments		<u>\$ 14,808,720</u>

These investments are classified as Level 1.

Maturity Schedule

Less than one year	\$ 13,909,048
More than one year	899,672
	<u>\$ 14,808,720</u>

The Board's investments at December 31, 2019, consist of the following:

<u>Investments</u>	<u>Maturity</u>	<u>Fair Value</u>
U.S. Treasuries Notes	1/31/20 - 11/01/41	\$ 11,682,968
Federal Home Mortgage Corp.	1/14/20 - 11/17/20	12,297,445
Certificates of Deposit	1/24/20 - 12/02/20	4,012,268
Total investments		<u>\$ 27,992,681</u>

These investments are classified as Level 1.

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

Maturity Schedule

Less than one year	\$	27,090,301
More than one year		902,380
	\$	<u>27,992,681</u>

Concentration Credit Risk - For investments, this is the risk of loss attributable to the quantity of the government's investment in a single issuer. Investments in single issuers that equal or exceed 5% of total investments have a reportable concentration of credit risk. At December 31, 2020, the Board held 45%, 39% and 16% of its investment balance in Federal Home Mortgage Corp., U.S. Treasuries, and Certificates of Deposit, respectively.

3. RECEIVABLES

Major revenues accrued by the Board at December 31, 2020 and 2019 include the following:

Accounts Receivable

Accounts receivable primarily represents amounts due from customers for current and delinquent water and wastewater services provided, including penalties, unpaid bill charges, collection fees and shut-off charges.

Customers are billed either on a monthly or quarterly basis depending on the type of user (industrial or residential), and the level of water and sewer usage. Customers may make payments without penalty on current charges up until 20 days after receiving their bill. Any unpaid balances remaining after these 20 days are subject to a penalty of 6%, and those customers receive an unpaid bill notice. If balances still remain unpaid after 30 additional days, final unpaid notices are mailed. The customers are then given 10 days to remit payment, after which the property is tagged, and shut-off procedures begin.

During the first week of December of every year, unpaid balances are transferred to the City tax roll for collections through the subsequent year's tax levy or in-rem property sales. Any amounts relating to unpaid water and wastewater balances collected by the City through these means are delivered to the Board.

As of December 31, 2020, \$1,262,456 was included in allowance for uncollectible accounts to account for receivable balances that may not be collected. As of December 31, 2019, \$1,265,283 was included in allowance for uncollectible accounts to account for receivable balances that may not be collected.

Due from City of Niagara Falls

Due from City of Niagara Falls represents amounts due from the City for the tax transfer. Amounts accrued at December 31, 2020 and 2019, net of an allowance for uncollectible amounts consisted of \$1,647,914 and \$1,184,940, respectively.

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

The tax transfer represents uncollected water and sewer charges that have been turned over to the City for collection in conjunction with the City's property tax levy. The City remits amounts to the Board each January and July for collections it receives for the previous six-month period. The due from City of Niagara Falls amount includes any collected but not yet remitted collections at year-end. Charges from all previous years' water and sewer operations transferred to the City that are not collected totaled \$6,807,362 and \$5,985,527 at December 31, 2020 and 2019, respectively. Management has recorded an allowance for uncollectible accounts with respect to these balances of \$5,159,448 and \$4,800,587 at December 31, 2020 and 2019, respectively.

4. CAPITAL ASSETS

The Board's capital asset activity for the years ended December 31, 2020 and 2019 is summarized as follows:

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets, not being depreciated:				
Land	\$ 463,713	-	-	\$ 463,713
Construction in progress	3,995,120	8,641,637	(6,137,344)	6,499,413
Total capital assets not being depreciated	4,458,833	8,641,637	(6,137,344)	6,963,126
Capital assets, being depreciated:				
Plant and transmission costs:				
Water system	90,692,331	670,530	-	91,362,861
Wastewater system	94,066,814	4,691,065	-	98,757,879
Machinery and equipment	11,708,394	775,749	-	12,484,143
Total capital assets being depreciated	196,467,539	6,137,344	-	202,604,883
Less accumulated depreciation:				
Plant and transmission costs:				
Water system	(45,828,396)	(2,998,582)	-	(48,826,978)
Wastewater system	(28,160,759)	(2,710,011)	-	(30,870,770)
Machinery and equipment	(5,738,000)	(743,173)	-	(6,481,173)
Total accumulated depreciation	(79,727,155)	(6,451,766)	-	(86,178,921)
Total being depreciated, net	116,740,384	(314,422)	-	116,425,962
Capital assets, net	\$ 121,199,217	\$ 8,327,215	\$ (6,137,344)	\$ 123,389,088

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
Capital assets, not being depreciated:				
Land	\$ 463,713	-	-	\$ 463,713
Construction in progress	3,184,153	5,444,472	(4,633,505)	3,995,120
Total capital assets not being depreciated	3,647,866	5,444,472	(4,633,505)	4,458,833
Capital assets, being depreciated:				
Plant and transmission costs:				
Water system	89,712,842	979,489	-	90,692,331
Wastewater system	89,979,411	4,087,403	-	94,066,814
Machinery and equipment	10,079,046	1,756,606	(127,258)	11,708,394
Total capital assets being depreciated	189,771,299	6,823,498	(127,258)	196,467,539
Less accumulated depreciation:				
Plant and transmission costs:				
Water system	(42,837,407)	(2,990,989)	-	(45,828,396)
Wastewater system	(25,156,868)	(3,003,891)	-	(28,160,759)
Machinery and equipment	(4,968,166)	(897,092)	127,258	(5,738,000)
Total accumulated depreciation	(72,962,441)	(6,891,972)	127,258	(79,727,155)
Total being depreciated, net	116,808,858	(68,474)	-	116,740,384
Capital assets, net	\$ 120,456,724	\$ 5,375,998	\$ (4,633,505)	\$ 121,199,217

5. INDEBTEDNESS

The Authority issues debt to provide for the acquisition of the water and sewer systems and for the initial funding of operating and maintenance and debt reserves.

The proceeds (\$6,607,122) of the Series 2012B Clean Water Bonds issuance were used to payoff the EFC Note used to fund North Gorge Interceptor Capacity Restoration Project. These bonds are due in 2041 and bear interest at rates between 0.26-4.27%.

In 2013, the Authority issued \$74,240,000 in general obligation bonds with an average interest rate of 4.72% and received an additional premium of \$142,002. The bonds were used for an advanced refunding of \$63,535,000 of the 2003 Bonds with an average interest rate of 3.79%. The net proceeds of approximately \$64 million were deposited in a trust to provide for future debt service payments on the bonds. As a result, the bonds are considered defeased and the liability for those bonds has been removed from the Board's financial statements. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) was approximately \$1.7 million.

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

During 2014 net proceeds of the Series B bonds were used to entirely refund the Series 2004 Serial Bonds of \$4,095,000, specifically reducing the interest to be paid by approximately \$610,000.

During 2015, net proceeds of the Series D bonds were used to entirely advance refund the Series 2005 A&B Serial Bonds of \$4,380,000 specifically reducing the interest to be paid by approximately \$550,000. As a result, the bonds are considered defeased and the liability for these bonds has been removed from the Board's financial statements. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) was approximately \$450,000.

During 2016, net proceeds of the Series A bonds were used to entirely advance refund the Series 2005 bonds of \$23,115,000 specifically reducing the interest to be paid by approximately \$4,100,000. As a result, the bonds are considered defeased and the liability for these bonds has been removed from the Board's financial statements. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) was approximately \$4.1 million. The accounting gain on this refunding was originally \$1,097,923 which is being amortized through 2034. The unamortized gain on refunding amounted to \$848,857 and \$909,853 at December 31, 2020 and 2019, respectively.

During 2019, the Authority received proceeds of \$2,189,993 from the New York State Power Authority Mortgage Loan for the Energy Efficiency Program at an interest rate of 2.79%.

Indebtedness activity for the year ended December 31, 2020 is as follows:

	Year of Issue	Year of Maturity	Interest Rate %	Original Amount	Principal Outstanding 1/1/2020	Issued	Paid	Principal Outstanding 12/31/2020
New York State Environmental Facilities Corporation Water Revolving Funds Revenue Bonds - Direct Borrowings:								
Series 2012B								
- Clean Water	2012	2041	0.26 - 4.27	6,607,122	5,200,000	-	(180,000)	5,020,000
Series 2013B								
- Clean Water	2013	2033	3.88 - 5.05	14,030,000	10,695,000	-	(610,000)	10,085,000
Series 2013B								
- Drinking Water	2013	2023	4.75 - 4.91	5,580,000	5,580,000	-	-	5,580,000
Series 2014B								
- Drinking Water	2014	2021	5.40	4,095,000	3,520,000	-	(2,175,000)	1,345,000
Series 2015D								
- Drinking Water	2015	2034	3.81 - 4.57	4,380,000	3,710,000	-	(175,000)	3,535,000
Total NYS EFC Water Revolving Funds Revenue Bonds - Direct Borrowings				34,692,122	28,705,000	-	(3,140,000)	25,565,000

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

	Year of Issue	Year of Maturity	Interest Rate %	Original Amount	Principal Outstanding 1/1/2020	Issued	Paid	Principal Outstanding 12/31/2020
Niagara Falls Public Water Authority Bonds:								
Series 2013A								
Bonds	2013	2034	3.0 - 5.0	\$36,060,000	\$34,575,000	\$ -	\$ (200,000)	\$34,375,000
Series 2013B								
Bonds	2013	2024	4.309	8,415,000	3,915,000	-	(795,000)	3,120,000
Series 2016A								
Bonds	2016	2034	3.13 - 5.0	20,130,000	20,130,000	-	-	20,130,000
Unamortized premium on bonds								
	2016	2034	N/A	<u>2,335,569</u>	<u>1,935,495</u>	<u>-</u>	<u>(129,754)</u>	<u>1,805,741</u>
Total Niagara Falls Public Authority Bonds				<u>66,940,569</u>	<u>60,555,495</u>	<u>-</u>	<u>(1,124,754)</u>	<u>59,430,741</u>
New York State Power Authority - Direct Borrowing:								
Series 2019								
Mortgage	2019	2028	2.79	<u>2,189,993</u>	<u>1,975,386</u>	<u>-</u>	<u>(197,897)</u>	<u>1,777,489</u>
Total NYS Power Authority - Direct Borrowing				<u>2,189,993</u>	<u>1,975,386</u>	<u>-</u>	<u>(197,897)</u>	<u>1,777,489</u>
Totals				<u>\$ 103,822,684</u>	<u>\$ 91,235,881</u>	<u>\$ -</u>	<u>\$ (4,462,651)</u>	<u>\$ 86,773,230</u>

The annual maturities of long-term debt as of December 31, 2020 are as follows:

Serial Bonds

Year	Premium on Bonds	Principal	Interest	Total
2021	\$ 129,754	\$ 1,025,000	\$ 2,532,403	\$ 3,687,157
2022	129,754	1,125,000	2,486,474	3,741,228
2023	129,754	1,160,000	2,441,270	3,731,024
2024	129,754	3,900,000	2,394,068	6,423,822
2025	129,754	4,090,000	2,202,869	6,422,623
2026-2030	648,769	23,450,000	7,908,850	32,007,619
2031-2035	<u>508,202</u>	<u>22,875,000</u>	<u>2,520,213</u>	<u>25,903,415</u>
	<u>\$ 1,805,741</u>	<u>\$57,625,000</u>	<u>\$22,486,147</u>	<u>\$81,916,888</u>

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

NYS EFC State Revolving Fund Revenue Bonds - Direct Borrowings

Year	Principal	Interest	Total
2021	\$ 3,255,000	\$ 1,186,509	\$ 4,441,509
2022	3,305,000	1,029,482	4,334,482
2023	3,415,000	874,774	4,289,774
2024	1,080,000	712,085	1,792,085
2025	1,110,000	663,618	1,773,618
2026-2030	6,095,000	2,517,637	8,612,637
2031-2035	5,325,000	1,007,319	6,332,319
2036-2040	1,250,000	317,801	1,567,801
2041	730,000	31,164	761,164
Total	<u>\$25,565,000</u>	<u>\$ 8,340,389</u>	<u>\$33,905,389</u>

The Board's direct borrowings with NYS EFC contain a provision that in the event of default, NYS EFC may take whatever action at law or in equity may appear necessary or desirable to remedy such default. These remedies include, but are not limited to, mandatory redemption, acceleration, requiring the Board to immediately redeem the bonds in whole together with all other sums due to NYS EFC. The Board may also owe to NYS EFC interest accrued on the overdue balance.

New York State Power Authority - Direct Borrowing

Year	Principal	Interest	Total
2021	\$ 186,316	\$ 47,475	\$ 233,791
2022	208,755	41,738	250,493
2023	214,654	35,838	250,492
2024	220,720	29,772	250,492
2025	226,958	23,535	250,493
2026-2030	720,086	31,392	751,478
Total	<u>\$ 1,777,489</u>	<u>\$ 209,750</u>	<u>\$ 1,987,239</u>

Interest on long-term debt for the year was composed of:

	<u>2020</u>	<u>2019</u>
Interest paid	\$ 3,225,126	\$ 3,119,649
Plus: Interest accrued in the current year	1,355,787	1,454,263
Less: Interest accrued in the prior year	(1,454,263)	(1,491,502)
Less: Amortization of gain on refunding	(60,996)	(60,996)
Less: Amortization of bond premium	(129,754)	(129,754)
Total interest expense	<u>\$ 2,935,900</u>	<u>\$ 2,891,660</u>

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

Financing Agreement Covenants

The financing agreement between the Authority and the Board relating to all current and future bonding contain various covenants pertaining to the use and maintenance of the trust funds established from the proceeds of each bond. At December 31, 2020, the Board was in compliance with the following loan covenants:

The Board is required to establish and collect rates, fees and charges sufficient in each fiscal year at least equal to the sum of:

- (1) 115% of the estimated aggregate debt service and projected debt service payable in such fiscal year;
- (2) 100% of Board operating expenses and Authority expenses payable in such fiscal year; and
- (3) 100% of the amount necessary to pay the required deposits for such fiscal year.

The Board shall review the adequacy of fees, rates and charges at least semi-annually.

The Board shall enforce the payment of any and all amounts owed for the use of the systems.

The Board shall (unless required by law) not furnish or supply, or cause to be furnished or supplied, any product, use or service of the systems, free of charge.

The debt service fund balance, beginning with the first day of each calendar month, shall receive all revenues until the balance in the debt service fund equals the minimum monthly balance. The minimum monthly balance is defined as an amount equal to the sum of the aggregate amounts of debt service that have accrued with respect to all series of bonds, calculating the debt service that has accrued as an amount equal to the sum of:

- (1) The interest on the bonds that has accrued and is unpaid and that will have accrued by the end of the then calendar month; and
- (2) The portion of the next due principal installment for the bonds that would have accrued (as deemed to accrue in the manner interest accrues) by the end of the then calendar month.

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

Remedies for Default

In the event that the Board shall default in the payment of principal of, or interest on, any issue of bonds after the same shall become due, whether at maturity or upon call for redemption, and such default shall continue for a period of thirty days, or in the event that the Board shall fail or refuse to comply with the provisions of this title or shall default in any agreement made with the holders of any issue of bonds, the holders of twenty-five percent in aggregate principal amount of the bonds of such issue then outstanding, by instrument or instruments filed in the offices of the clerk of the City, secretary of the Board and the Authority and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of such bonds for the purpose herein provided.

6. COMPENSATED ABSENCES

The Board reports the value of compensated absences as a liability. The annual budgets of the operating funds provide funding for these benefits as they become payable. The payment of compensated absences is dependent on many factors; therefore, the timing of future payments is not readily determinable. The current portion payable is estimated at 5% of the total compensated absences liability. The current portion of the liability amounted to \$36,653 and \$36,810 at December 31, 2020 and 2019, respectively. The long-term portion of the liability amounted to \$696,406 and \$699,387 at December 31, 2020 and 2019, respectively.

	Balance			Balance		
	<u>12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2020</u>	<u>Current</u>	<u>Long-Term</u>
Compensated Absences	\$ 736,197	\$ -	\$ (3,138)	\$ 733,059	\$ 36,653	\$ 696,406

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits

The Board provides continuation of medical, prescription drug, dental, vision and chiropractic coverage for employees who retire and are at least age 50 and have an age, plus years of service, of at least 70. All retirees and future retirees hired prior to December 31, 2007 have no contribution requirements for both individual and family coverage. All future retirees hired after December 31, 2007 are required to pay 20% of the individual and family premiums. The Board currently pays for postemployment health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue.

The Board provides certain health care benefits for retired employees. Substantially all of the employees may become eligible for these benefits if they reach the normal retirement age and have the required minimum age plus years of service working for the Board. At December 31, 2020 and 2019, the current portion of the postemployment benefits liability was \$2,530,010 and \$2,771,796, respectively. The noncurrent portion of the postemployment benefits liability amounted to \$92,450,134 and \$86,092,262 at December 31, 2020 and 2019, respectively.

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

Employees covered by benefit terms

At December 31, 2020, the following employees were covered by the benefit terms:

Retirees	99
Actives	<u>87</u>
Total participants	<u><u>186</u></u>

Total OPEB Liability

The Board's total OPEB liability of \$94,980,144 and \$88,864,058 was measured as of December 31, 2020 and 2019, respectively, and was determined by an actuarial valuation as of January 1, 2020 and 2018, respectively.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	1.3 percent per year
Salary increases	3.0%
Discount rate	2.0%
Healthcare cost trend rates	7.0% for 2020, decreasing to an ultimate rate of 4.5% for 2032

Mortality rates were based on the Society of Actuaries Mortality Improvement Scale MP-2019.

Changes in the Total OPEB Liability

	<u>2020</u>	<u>2019</u>
Total OPEB liability as of beginning of year	\$88,864,058	\$87,609,060
Changes for the year:		
Service cost	1,349,028	556,876
Interest	1,769,731	3,280,087
Changes in assumptions	5,504,550	-
Benefit payments	<u>(2,507,223)</u>	<u>(2,581,965)</u>
Total changes	<u>6,116,086</u>	<u>1,254,998</u>
Total OPEB liability as of end of year	<u><u>\$94,980,144</u></u>	<u><u>\$88,864,058</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.02%) or 1-percentage-point higher (3.02%) than the current discount rate:

	<u>1% Decrease (1.02%)</u>	<u>Current Discount Rate (2.02%)</u>	<u>1% Increase (3.02%)</u>
Total OPEB liability	<u>\$ 114,758,444</u>	<u>\$ 94,980,144</u>	<u>\$ 80,055,565</u>

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current discount rate:

	Healthcare		
	1% Decrease (6.0%)	Current Trend Rate (7.0%)	1% Increase (8.0%)
Total OPEB liability	\$ 79,249,333	\$ 94,980,144	\$ 115,799,147

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020 and 2019, the Board recognized OPEB expense of \$3,833,636 and \$3,836,963, respectively. At December 31, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	4,789,673	-
Benefit payments subsequent to measurement date	-	-
Total	\$ 4,789,673	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December	Amount
2021	\$ 714,877
2022	714,877
2023	714,877
2024	714,877
2025	714,877
Thereafter	1,215,288
	\$ 4,789,673

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

8. PENSION PLANS

New York State and Local Employees' Retirement System Plan Description

The Board participates in the New York State Employees' Retirement System (NYSERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing, multiple employer public employee retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYS RSSL). Once an employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Board also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary. Employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, employees in NYERS contribute 3% of their salary throughout their active membership. For employees who joined after April 1, 2012, employees contribute 3% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of contributions required, and were as follows:

	<u>NYSERS</u>
2020	\$ 566,475
2019	\$ 583,405
2018	\$ 659,383

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of

At December 31, 2020 and 2019, the Board reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2020 and 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Board's proportionate share of the net pension liability was based on a projection of the Board's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to the Board. At December 31, 2020, the Board's proportion was 0.0178786%, which was an increase of 0.00179% from its proportion measured as of March 31, 2019.

	<u>2020</u>	<u>2019</u>
Measurement date	3/31/2020	3/31/2019
Board's proportionate share of the net pension liability	\$ 4,734,365	\$ 1,139,930
Board's proportion of the Plan's net pension liability	0.0178786%	0.0160886%

For the year ended December 31, 2020 and 2019, the Board recognized pension expense of \$1,660,939 and \$835,523 for ERS, respectively. At December 31, 2020 and 2019 the Board's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2020</u>		<u>2019</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 278,636	\$ -	\$ 224,476	\$ 76,521
Changes of assumptions	95,328	82,314	286,532	-
Net difference between projected and actual earnings on pension plan investments	2,427,065	-	-	292,569
Changes in proportion and differences between the Board's contributions and proportionate share of contributions	211,096	146,248	197,658	59,263
Contributions subsequent to the measurement date	<u>480,401</u>	<u>-</u>	<u>427,317</u>	<u>-</u>
Total	<u>\$3,492,526</u>	<u>\$ 228,562</u>	<u>\$1,135,983</u>	<u>\$ 428,353</u>

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended March 31:

2021	\$	503,349
2022		705,675
2023		872,691
2024		701,848
	\$	<u>2,783,563</u>

Actuarial Assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The total pension liability for the March 31, 2019 measurement date was determined by using an actuarial valuation as of April 1, 2018, with update procedures to roll forward the total pension liability to March 31, 2019.

The actuarial valuation used the following actuarial assumptions for both years:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	4.2% indexed by service
Projected COLAs	1.3% compounded annually
Decrement	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	6.8% compounded annually, net of investment

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic equity	36	4.05
International equity	14	6.15
Private equity	10	6.75
Real estate	10	4.95
Absolute return strategies	2	3.25
Opportunistic portfolio	3	4.65
Real assets	3	5.95
Bonds and mortgages	17	0.75
Cash	1	0.00
Inflation-indexed bonds	4	0.50
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability in 2020 and 2019 was 6.8% and 7.0%, respectively. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate

The following presents the Board's proportionate share of the net pension liability calculated using the discount rate, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2020		
	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Proportionate Share of Net Pension liability (asset)	<u>\$ 8,688,896</u>	<u>\$ 4,734,365</u>	<u>\$ 1,092,225</u>
	2019		
	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
Proportionate Share of Net Pension liability (asset)	<u>\$ 4,983,954</u>	<u>\$ 1,139,930</u>	<u>\$ (2,089,324)</u>

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of all participating employers as of the respective measurement dates, were as follows:

	(Dollars in Millions)	
Measurement date	3/31/2020	3/31/2019
Employers' total pension liability	\$ 194,596	\$ 189,803
Plan fiduciary net position	<u>168,115</u>	<u>182,718</u>
Employers' net pension liability	<u>\$ 26,481</u>	<u>\$ 7,085</u>
Ratio of plan fiduciary net position to the employers' total pension liability	86.39%	96.27%

9. NET POSITION

The Board's financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted for debt service, restricted for capital projects, restricted for operations and maintenance and unrestricted.

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position - This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

Restricted for Capital Projects:

Amounts restricted for capital projects is \$2,786,581 and \$6,786,581 at December 31, 2020 and 2019, respectively. In 2007, the Board received \$19,000,000 from the Power Authority under a "Relicensing Settlement Agreement." The Agreement provided for the creation of a "Niagara Falls Water Board Capital Improvement Fund." These funds are restricted for future use related to capital improvements of the Board including but not limited to any specific project including the Falls Street Tunnel project.

Restricted for Debt Service Fund:

Board restrictions at December 31, 2020 and 2019 of \$6,636,484 and \$5,754,527, respectively, are for debt service.

Restricted for Debt Service Reserve Fund:

Amounts restricted for the debt service reserve fund were \$8,741,079 and \$8,389,738 at December 31, 2020 and 2019, respectively. These funds are controlled by bond trustee. The required minimum balance is the lesser of the maximum future annual debt service requirement or 125% of the average future annual debt service requirements for all outstanding bonds. The required minimum balance was \$6,786,698 and \$6,829,344 at December 31, 2020 and 2019, respectively. This resulted in excess reserves of \$1,954,381 and \$1,560,394 at December 31, 2020 and 2019, respectively.

Restricted for Operations and Maintenance:

Amounts restricted for operations and maintenance were \$5,028,792 and \$5,228,792 at December 31, 2020 and 2019, respectively. These reserves may be used to pay the cost of extraordinary repairs to and replacements of the system. Surplus amounts on deposit at the end of the fiscal year may be used for any purpose determined by the Board to be beneficial for the system unless the Authority notifies the Board that it does not concur with such application of surplus and expenditures. The required minimum balance is 1/6th of prior year operating expenses which equates to \$4,992,938 and \$4,868,438 at December 2020 and 2019, respectively. At December 31, 2020 and 2019, there was excess reserves of \$35,854 and \$360,354, respectively.

Unrestricted Net Position - This category represents net position of the Board not restricted for any project or other purpose. Additions of \$6,788,282 to net investment in capital assets and decreases of \$2,966,702 to restricted net position combined with the total loss for the year of \$680,736 increased the unrestricted net position deficit by \$4,502,316.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, and then unrestricted resources as they are needed.

NIAGARA FALLS WATER BOARD

Notes to Basic Financial Statements

December 31, 2020

(With Comparative Totals for 2019)

10. LABOR RELATIONS

The majority of the Board's employees are represented by various unions under four collective bargaining unit agreements, with the balance governed by Board policies. Contracts for all of the bargaining units are covered with a seven-year term which expires on May 31, 2024.

11. RISK MANAGEMENT AND CONTINGENT LIABILITIES

Risk management and contingent liabilities at December 31, 2020 and 2019 are detailed as follows:

Insurance

The Board is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; injuries to employees; and natural disasters, for which the Board carries commercial insurance. There were no settlements that significantly exceeded insurance coverage for the years ended December 31, 2020 and 2019.

Litigation

The Board is a defendant in a number of lawsuits that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the Board, these actions when finally adjudicated will not have a material adverse effect on the financial position of the Board.

12. SIGNIFICANT EVENTS

As a result of alleged discharges from the waste water treatment plant during the summer of 2017, the New York State Department of Environmental Conservation (NYSDEC) and the Board entered into a Consent Order on December 19, 2017 (R9-20170906-129). This Consent Order required the Board to pay a civil penalty in the amount of \$50,000 and to implement a schedule of enumerated actions over the following fifteen (15) months and then construct various capital improvements in the following years. The Board is now in the process of implementing these actions under the supervision of the NYSDEC.

13. COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Board and its future results and financial position is not presently determinable.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

NIAGARA FALLS WATER BOARD

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited) For the year ended December 31, 2020

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	\$ 1,349,028	\$ 556,876	\$ 540,656							
Interest	1,769,731	3,280,087	3,234,085							
Changes of benefit terms	-	-	-							
Differences between expected and actual experience	-	-	-							
Changes in assumptions	5,504,550	-	-							
Benefit payments	(2,507,223)	(2,581,965)	(2,546,361)							
Total change in total OPEB liability	6,116,086	1,254,998	1,228,380							
Total OPEB liability - beginning	88,864,058	87,609,060	86,380,680							
Total OPEB liability - ending	<u>\$ 94,980,144</u>	<u>\$ 88,864,058</u>	<u>\$ 87,609,060</u>							
Covered-employee payroll	\$ 4,310,662	\$ 3,900,691	\$ 3,900,691							
Total OPEB liability as a percentage of covered-employee payroll	2203.4%	2278.2%	2246.0%							

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. In the current year, this liability increase was partially offset by liability reductions due to changes in plan cost (i.e., favorable premium rate increases) and trend changes since the prior valuation. The following reflects the discount rate used each period:

Discount rate	2.02%	3.80%	3.80%
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

NIAGARA FALLS WATER BOARD

**Schedule of Proportionate Share of Net Pension Liability (Asset) - (Unaudited)
For the Year Ended December 31, 2020**

NEW YORK STATE EMPLOYEES' RETIREMENT	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of the net pension liability (asset)	0.0178786%	0.0160886%	0.0147209%	0.0137476%	0.0134405%	0.0141606%				
Proportionate share of the net pension liability (asset)	\$ 4,734,365	\$ 1,139,930	\$ 475,108	\$ 1,291,751	\$ 2,157,242	\$ 478,381				
Covered-employee payroll	\$ 5,463,366	\$ 4,917,159	\$ 4,374,241	\$ 4,719,361	\$ 4,397,005	\$ 4,082,614				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	86.66%	23.18%	10.86%	27.37%	49.06%	11.72%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	86.39%	96.27%	98.29%	94.70%	90.70%	97.95%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NIAGARA FALLS WATER BOARD

Schedule of Contributions - Pension Plans (Unaudited)

For the Year Ended December 31, 2020

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 640,535	\$ 566,475	\$ 583,405	\$ 659,383	\$ 646,238	\$ 725,071	\$ 864,054	\$ 900,289		
Contributions in relation to the contractually required contribution	<u>640,535</u>	<u>566,475</u>	<u>583,405</u>	<u>659,383</u>	<u>646,238</u>	<u>725,071</u>	<u>864,054</u>	<u>900,289</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered-employee payroll	<u>\$ 5,463,366</u>	<u>\$ 4,917,159</u>	<u>\$ 4,374,241</u>	<u>\$ 4,719,361</u>	<u>\$ 4,397,005</u>	<u>\$ 4,082,614</u>	<u>\$ 4,483,962</u>	<u>\$ 4,442,277</u>		
Contributions as a percentage of covered-employee payroll	11.72%	11.52%	13.34%	13.97%	14.70%	17.76%	19.27%	20.27%		

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

**OTHER SUPPLEMENTARY INFORMATION
(UNAUDITED)**

Other Supplementary Information

Niagara Falls Public Water Authority (a Blended Component Unit of the Niagara Falls Water Board)

Statement of Net Position

December 31, 2020

(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 133,829	\$ 133,829
Total current assets	<u>133,829</u>	<u>133,829</u>
NONCURRENT ASSETS:		
Due from Water Board	<u>87,882,921</u>	<u>92,406,568</u>
Total noncurrent assets	<u>87,882,921</u>	<u>92,406,568</u>
Total assets	<u>88,016,750</u>	<u>92,540,397</u>
LIABILITIES		
CURRENT LIABILITIES:		
Current portion, bonds payable	<u>4,466,316</u>	<u>4,316,194</u>
Total current liabilities	<u>4,466,316</u>	<u>4,316,194</u>
NONCURRENT LIABILITIES:		
Bonds payable	<u>82,306,914</u>	<u>86,919,687</u>
Total noncurrent liabilities	<u>82,306,914</u>	<u>86,919,687</u>
Total liabilities	<u>86,773,230</u>	<u>91,235,881</u>
DEFERRED INFLOWS OF RESOURCES		
Gain on refunding	<u>848,857</u>	<u>909,853</u>
Total deferred inflows of resources	<u>848,857</u>	<u>909,853</u>
NET POSITION		
Unrestricted	<u>394,663</u>	<u>394,663</u>
Total net position	<u>\$ 394,663</u>	<u>\$ 394,663</u>

The accompanying notes are an integral part of these statements.

Other Supplementary Information

Niagara Falls Public Water Authority (a Blended Component Unit of the Niagara Falls Water Board)

Statement of Revenue, Expenses, and Change in Net Position

For the Year Ended December 31, 2020

(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
OPERATING REVENUE:		
Operating transfers in	\$ <u>2,935,900</u>	\$ <u>2,891,660</u>
Total operating revenue	<u>2,935,900</u>	<u>2,891,660</u>
Total operating income	<u>2,935,900</u>	<u>2,891,660</u>
NON-OPERATING REVENUE (EXPENSES):		
Interest expense	<u>2,935,900</u>	<u>2,891,660</u>
Total non-operating expenses, net	<u>2,935,900</u>	<u>2,891,660</u>
CHANGE IN NET POSITION	-	-
NET POSITION - beginning of year	<u>394,663</u>	<u>394,663</u>
NET POSITION - end of year	<u>\$ 394,663</u>	<u>\$ 394,663</u>

The accompanying notes are an integral part of these statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

August 9, 2021

To the Board of Directors of
Niagara Falls Water Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Niagara Falls Water Board (the Board), as of and for the year ended December 31, 2020, and the related notes to financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated August 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs below.

Finding 2020-001: Compliance with the Public Authorities Reform Act of 2009

Condition/Criteria : Members of the Water Authority board did not complete the necessary training and two (2) of the Authority board members did not complete the Certificate of Independence or the Signed Acknowledgement of Fiduciary Activities. Additionally, performance measures have not been established and adopted by the Niagara Falls Water Board (the Board). The Board and the Authority should ensure that all Public Authorities Reform Act requirements are being met.

Cause : Members of the Board and the Authority have not adhered to the minimum compliance requirements.

Effect : The Board and the Authority were not in compliance with the Public Authorities Reform Act of 2009.

Recommendation : We recommend that the Board and the Authority review the compliance requirements and ensure that all requirements are being met.

Management Response : Management concurs and will ensure compliance going forward.

Niagara Falls Water Board's Response to Findings

The Niagara Falls Water Board's response to the finding identified in our audit is described in the accompanying schedule of findings and questions costs. The Niagara Falls Water Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

INDEPENDENT ACCOUNTANT'S REPORT

August 9, 2021

To the Board of Directors of
Niagara Falls Water Board:

We have examined the Niagara Falls Water Board's (the Board) compliance with its own investment policies and applicable laws and regulations related to investments for the year ended December 31, 2020. Management of the Board is responsible for the Board's compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Board complied, in all respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Board's compliance with specified requirements.

Our examination disclosed the following noncompliance with the Board's own investment policies and applicable laws and regulations related to investments. The "Reporting" section of the investment policy stated that "The Director of Financial Services shall report to the Niagara Falls Water Board on the investments of the Water Board not less than once a month". We noted no documentation supporting that this process was consistently taking place every month during the year ended December 31, 2020.

In our opinion, except for the noncompliance described in the preceding paragraph, the Board complied, in all respects, with the aforementioned requirements for the year ended December 31, 2020.

This report is intended solely for the information and use of the Board of Directors and management of the Board and is not intended to be and should not be used by anyone other than these specified parties.

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NIAGARA FALLS WATER BOARD

**Communication of Matters Related to Internal Control
Over Financial Reporting and Other Matters
December 31, 2020**

Bonadio & Co., LLP
Certified Public Accountants

August 9, 2021

To the Board of Directors of
Niagara Falls Water Board:

In planning and performing our audit of the financial statements of the Niagara Falls Water Board (the Water Board) as of and for the year ended December 31, 2020 in accordance with auditing standards generally accepted in the United States of America, we considered the Water Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Water Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Water Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Water Board, and is not intended to be and should not be used by anyone other than these specified parties.

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NIAGARA FALLS WATER BOARD

Communication of Matters Related to Internal Control Over Financial Reporting and Other Matters December 31, 2020

The following matters are considered deficiencies in internal control:

1. TIMELY REVIEW OF JOURNAL ENTRIES

Observation

We recognize that 2020 posed interesting challenges for most organizations due to the impact of the global pandemic in the United States. However, throughout fiscal 2020, we noted that journal entries were not approved and posted on a timely basis. The entries themselves were prepared and submitted for approval timely; however, in many cases we found the actual approval and posting of the entries occurred months after submission. Because the nature of the Water Board's operations, full closure was not an option during the pandemic and business was occurring as usual. Failure to post financial activity on a timely basis at any time poses a risk to the organization and puts the Board in a position to be making decisions on incomplete data.

Recommendation

Subsequent to year-end, personnel changes were made, and journal entries are being posted on a timely basis. However, given the current vacancy in the Director of Finance position, the segregation of duties that is normally in place is not operating as intended. It is important to ensure that the process for preparing journal entries is separate from the approval and posting of journal entries and that all entries are posted timely.

2. PAYROLL

Observation

During our audit, we noted that the Water Board currently uses a timeclock system for its employees. However, this time clock system is not integrated directly with the payroll system and therefore is only used as a check, if necessary, to determine whether an employee was working. Instead of using the timeclock to track time, Department Supervisors provide spreadsheets to payroll noting the hours worked for each employee during that pay period. These spreadsheets are used to manually record the payroll in the general ledger. Payroll is the single largest expense for the Water Board.

Recommendation

We recommend that the Water Board consider integrating the timeclock system into the payroll process to reduce not only the amount of effort needed by the payroll staff, but also the risk of inaccurate reporting of employee time. With a manual process (such as the Water Board's current process which requires payroll personnel to manually enter all information provided into the system), there is room for error. Integrating these two systems would reduce the likelihood of an error occurring.

3. APPROVAL OF BUDGET TRANSFERS

Observation

During our planning procedures, it was noted that the Board wasn't approving budget transfers for the first half of 2020, as the Director of Finance wasn't aware that the Board should be approving these.

Recommendation

As it is the responsibility of the Board to approve the budget, it is also their responsibility to approve any modifications to the budget. Therefore, we recommend that the Board implement a formal process in which any budget amendments or transfers be reviewed and approved by the Board. This policy could include various thresholds under which certain levels of management can initiate and approve transfers before Board action is required.

4. MANUAL SPREADSHEETS

Observation

We noted that several significant financial areas are tracked manually using excel spreadsheets prior to being recorded in the general ledger. For example, accounts payable for the Plant fund, capital project activity and capital assets are all currently tracked outside of the software. Such a system creates a potential for error due to the manual nature of the process.

Recommendation

We recommend that the Water Board consider utilizing capital asset software to help manage and maintain the capital asset activity, including all work-in-process. Additionally, we recommend that any capital project activity be tracked and recorded in the general ledger as it occurs.

5. CENSUS DATA TESTING

Observation

As part of our audit procedures, we selected 25 individuals (including active employees and retirees) who were included in the census information sent to the Water Board's actuary to determine the Water Board's other postemployment benefits liability. As a result of this testing, we noted several actives and retirees who were active prior to the transfer of operations from the City to the Water Board that did not have documentation in their files regarding their benefit elections and other personal information.

Recommendation

As the payer of these benefits, it's important that the Water Board have complete and accurate files. Therefore, we recommend that for those individuals where the Water Board doesn't have complete information, a form should be sent requesting the basic information (name, address, etc.), as well as missing information (elections, etc.) and have them sign and returned to the Water Board.

6. UNCOLLECTIBLE BILLINGS

Observation

The Water Board currently has a significant balance of uncollectible water and sewer billings that is being carried, and this amount increases annually. Based on our audit procedures and inquiries of management, 100% of the amounts transferred to the City of Niagara Falls from one-year prior to December 31, 2020 are reserved as uncollectible. Of that, a small percentage of the amounts transferred are ultimately collected through the City of Niagara Falls tax re-levy process. In addition, 100% of the amounts more than 120 days old from the non-transferred receivables are reserved as uncollectible. The financial impact of these allowances is that over \$6.3 million has been deemed uncollectible as of December 31, 2020. The Water Board, in various bond issuances has covenanted that it will enforce the payment of any and all charges owed to the Water Board for use of the System. The Act (Public Authorities Law Section 1230-j(6)) provides that any rates, fees, and charges that remain unpaid shall constitute a lien on the premises that received the service and that such lien may be enforced in the same manner as a lien for taxes. The Board is currently not receiving any supporting documentation or verifying if amounts collected through the tax process are getting remitted to the Water Board from the City.

Recommendation

We recommend that the organization review all outstanding accounts receivable and determine whether those amounts are in fact uncollectible and those amounts should be written off the books. Additionally, for those customers that are deemed uncollectible, an assessment should be made to ensure that no additional services are being provided to those customers. The organization should consider working with the City of Niagara Falls or the County of Niagara to use American Recovery Plan funds available to assist with getting customers in Qualified Census Tracts current on their utility bills. This is a specific allowable distribution of these funds. Additionally, it's critical that the Water Board develop a process to reconcile the list of transferred billings to the actual collections, and to further verify that collections from the City are being returned to Water Board.

7. TRIAL BALANCE REPORTING

Observation

In connection with our audit, we noted that the Authority's trial balance does not support the information reported in the external financial statements. Specifically, the long-term debt is reported and tracked in the Plant fund trial balance along with the assets. So, there is no standalone financial tracking of the Authority separate and distinct from the Water Board.

Recommendation

The debt, under the enabling legislation, belongs to the Authority and should be reported consistently internally and externally. Therefore, we recommend that management review the current accounting for these transactions and make the necessary adjustments to ensure that all internal reporting is consistent with the audited financial statements.

8. INTERFUND ACTIVITY

Observation

We noted that interfund balances between the Water Board, Plant, Water, and Sewer trial balances have been accumulating for several years. As of December 31, 2020, the accumulated amounts owed between funds was approximately \$8.1 million; however, a significant portion of that balance does not represent an amount that will be repaid between the funds.

Recommendation

We recommend that management review the interfund activity and only record amounts due to or from that have an expectation of repayment. If amounts are not to be repaid, then any funds moved from one fund to another should be reflected as a transfer in or out on an annual basis.

9. SEGREGATION OF DUTIES

Observation

During our audit, we noted instances where segregation of duties should be reviewed and the identification of key controls over activities should be documented. The Water Board has undergone a significant amount of turnover in recent years which has led to a concentration of certain duties.

Recommendation

We recommend that the Water Board study the current internal control environment and develop a plan to reassign non-compatible duties, provide additional monitoring of functions and create cross-training of certain functions as appropriate. Additionally, in connection with this analysis, the Water Board should ensure that key controls are identified and documented for all accounting transaction cycles within the organization.

The following are considered other matters for the consideration of management:

10. REVIEW OF POLICIES SURROUNDING ABANDONED PROPERTIES

Observation

During our planning procedures, it was noted that there is currently a policy in place pertaining to the treatment of abandoned properties. Under the current policy, the Water Board continues to provide water to, and send bills to, houses which are abandoned.

Recommendation

We recommend that the Water Board review the policies and procedures currently in place surrounding abandoned properties to ensure that the procedures are operating effectively and are minimizing the risk of water loss whenever possible and within current regulations.

11. COMPLIANCE WITH LAWS AND REGULATIONS

Observation

The Water Board and Authority's books and records were not ready for audit in time to enable management to file their 2020 annual report and audit with the Authorities Budget Office (ABO) in accordance with the Public Authorities Reform Act. While they met the March 31, 2020 deadline for filing the December 31, 2019 audit, this was only a result of the extensions provided due to the global pandemic that was occurring. Under the Public Authorities Reform Act, all budgets are due to the ABO by November 1st of the year prior to the budget being effective. The Water Board's 2021 budget was submitted to the ABO on December 31, 2020. In addition, the Water Authority's 2020 budget was submitted over 3 months after the due date. The Authority's 2021 budget has not yet been filed with the ABO and was due on November 1, 2020. The Authority has failed to file their annual report and audit reports for 2019, which are due by 3/31 of the subsequent year.

Additionally, the ABO requires that each Board member "participate in a State approved training regarding their legal, fiduciary, financial and ethical responsibilities as board members of an authority within one year of appointment to the Board". During our testing, we were not able to ascertain if the Authority Board members have completed this.

The ABO also requires that board members complete an Acknowledgement of Fiduciary Responsibility upon appointment. During our testing, we noted that the Authority was unable to provide these forms for 2 Authority board members.

Recommendation

The Board and management have a fiduciary responsibility to comply with the laws and regulations of the State of New York. Based on our findings that several of the required compliance actions are not being performed, we recommend that the Water Board and the Authority review the guidance put forth by the ABO and ensure that all required elements are being performed. The Water Board and the Authority must ensure that all necessary procedures are in place to meet these regulations.

12. INTERNAL BILLINGS

Observation

During our audit, it was noted that the Water Board bills themselves for water and sewer charges for owned facilities. Subsequently, checks are cut and sent over to the City to be processed as part of collections and are then remitted back to the Water Board. Annually, as part of the audit process, this activity is reversed out of revenue and expense on the books of the Water Board to ensure these amounts are not overstated. The total activity approximates \$1,000,000 annually.

Recommendation

We recommend that the Water Board discontinue the practice of cutting checks to themselves for use of their owned facilities. Instead, interbank transfers and interfund transactions should be utilized to account for this activity.

13. INFORMATION RISK MANAGEMENT

Observation

Based on our discussions with Water Board personnel during planning, we have noted that the technology controls within the organization include some undocumented policies and practices or are based solely on external mandates and laws. Furthermore, formal IT risk assessments are not being performed and security awareness training is not documented as occurring on a regular basis. It was communicated that the Water Board does not maintain a Computer Security Incident Response Plan and therefore may not be able to sufficiently respond in the event of an incident.

Recommendation

While laws and regulations are intended to outline the minimum expectations and protocols, each organization should have specific policies that are tailored to their operations and activities. The lack of a formal documented policies and procedures exposes the Water Board to possible interruptions and potential loss or corruption of data. In light of the national cyber-attacks against critical infrastructure, it is imperative that the Water Board fully assess and address the weaknesses that may exist.

14. WATER LOSS CONTROL

Observation

Based on our review of reports provided by the Board, the average annual volume of unaccounted for water has been approximately 68-70% since 2011. The impact of this loss is an estimated \$400,000 - \$500,000 on an annual basis. Additionally, on top of this unaccounted-for water, there are amounts billed to residents under the DRIP program, but which is ultimately credited back on their bills. There are currently over 200 residents that are included in this program. Therefore, the actual cost to the Board related to unaccounted for or unbillable water is much greater than half million dollars annually. Nationally, the average amount of water loss is less than 20%, and, in some reports, as low as 16% (according to a study by the US EPA). Based on reports provided by management, the water losses in systems in and around Niagara County range from 22-74%. Water loss can occur in many ways, either unknown resulting from leaks and theft, to those known instances like fire suppression and flushing of mains.

Recommendation

To ensure long-term viability of the organization, a plan to systematically locate and remediate water loss must be put into place. Water losses at 3 times the national average, or at the upper end of the Niagara County region, for at least the past 10 years is not sustainable. Identifying and securing funding for assistance in stemming these losses should be a priority for the Water Board going forward. Additionally, developing a specific operational or capital budget line for leak detection, prevention and correction is critical to the success of reducing these losses.

15. BANK RECONCILIATIONS

Observation

During our audit of cash and the accompanying bank reconciliations, we noted old outstanding checks that were being carried over an annual basis.

Recommendation

We recommend that management review those outstanding checks and either remit the amounts to New York State under the unclaimed property laws, void and reissue the checks, or determine if the obligation was otherwise satisfied and can be returned to the Water Board's cash.

16. SUPPORTING DOCUMENTATION AND FUTURE GASB PRONOUNCEMENT

Observation

In 2017, the Governmental Accounting Standards Board (GASB) issued Statement Number 87 – Leases, to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement was originally effective for the Water Board during the year ended December 31, 2020; however, Statement Number 95 will allow the Water Board to postpone the implementation of Statement Number 87 for 18 months.

As part of the audit, we obtained contracts, documents, and agreements to support various components of the audit. While we ultimately were able to obtain what we needed, at times it took considerable effort internally to locate the information.

Recommendation

In preparation for the implementation of this Statement, we recommend that the Water Board accumulate a listing of all significant contracts and/or lease agreements and review all such agreements to determine how they will need to be reported once this Statement is implemented. To best do this, we encourage management to begin a process of centralization of all key contracts, grants, documents, and agreements that have financial implications to be maintained in the Finance office. This will facilitate retrieval in the future and ensure that all accounting is proper.

August 9, 2021

To the Board Members of
Niagara Falls Water Board:

We have audited the financial statements of the Niagara Falls Water Board (the Board) for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 7, 2021. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT MATTERS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in the notes to the financial statements.

During 2020, the Board adopted GASB Statement No. 84, Fiduciary Activities. Statement No. 84 addresses the identification of the criteria for identifying fiduciary activities for accounting and financial reporting purposes. Additionally, the Board adopted GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. This Statement improves information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

We noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- ***Total Other Postemployment Benefit Obligation and related deferred inflows/outflows of resources, which are based on an actuarial valuation and are significant in the Board's financial statements.***

- *Net pension asset (liability) and related deferred inflows/outflows of resources, which are based on actuarial assumptions utilized by an actuary applied to the pension plan's census information.*
- *Management's estimate of the allowance for uncollectible accounts is based on an assessment of historical collections of the Board's accounts receivable.*

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The disclosure of the Board's Total Other Postemployment Benefit Obligation along with the deferred inflows/outflows of resources describes the net obligation to the Board at year end.

The disclosure of the Board's pension plan in the footnotes describes the plan and the related pension asset or liability along with the deferred inflows/outflows of resources that are recognized.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

The audit process was delayed significantly from the start due to a former member of management's failure to communicate timely prior to, and during, the audit. At times information took longer than anticipated to obtain, which further delayed the audit process. Ultimately, we were able to obtain the necessary information to allow us to render an opinion.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

The misstatements identified as a result of our audit procedures and corrected by management are displayed on Exhibit A.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the Independent Auditor's Report.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Board’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Board’s auditors.

Our retention as auditors for this initial audit was based on a competitive bid process.

Other Matters

We applied certain limited procedures to Management’s Discussion and Analysis, the Schedule of Changes in Total Other Postemployment Benefit Liability and Related Ratios, the Schedule of Proportionate Share of Net Pension Liability (Asset), and the Schedule of Contributions - Pension Plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Niagara Falls Water Authority (a Blended Component Unit of the Niagara Falls Water Board) – Statement of Net Position and Statement of Revenue, Expenses and Changes in Net Position, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Audit Committee, Board of Directors and management of the Board and is not intended to be, and should not be, used by anyone other than these specified parties.

For the Year Ended December 31, 2020
Summary of Audit Adjustments

Change in net position - unadjusted	\$ 8,210,352
Client adjustments:	
To record current year capital asset activity.	(6,451,753)
To record the current year change in Total OPEB and the related deferred outflows/inflows of resources.	(1,326,413)
Audit adjustments:	
To record a sludge disposal expense payable as of year-end.	(77,960)
To adjust the current year balance of compensated absences.	3,139
To record the current year change in net pension liability and the related deferred outflows/inflows of resources.	<u>(1,038,101)</u>
Change in net position - adjusted	<u>\$ (680,736)</u>

NIAGARA FALLS PUBLIC WATER AUTHORITY RESOLUTION # 2021-02

FINANCIAL ADVISORY PROFESSIONAL SERVICES AGREEMENT

WHEREAS, the Niagara Falls Public Water Authority (“Authority”) has as a principal function financing the acquisition and improvement by the Niagara Falls Water Board of the water, wastewater, and stormwater systems serving the City of Niagara Falls, and has no staff; and

WHEREAS, in order to carry out the planning, structuring, and completion of debt issuances, the preparation of financing documents, preparation of debt service schedules, and other tasks vital to the proper and efficient conduct of the Authority’s business it is necessary to retain a firm to provide professional financial advisory services; and

WHEREAS, Capital Markets Advisors, LLC, was selected to provide professional financial advisory services to the Authority for the years 2017-2020 following a competitive Request for Proposals process; and

WHEREAS, the Authority has been satisfied by the services provided by Capital Markets and believes that it is in the best interests of the Authority to extend its agreement with Capital Markets to serve as its financial advisors because of that firm’s knowledge of the Authority and Water Board and experience with Authority matters; and

WHEREAS, Capital Markets has presented a proposed Financial Advisory Services Agreement dated October 1, 2021 to continue its services through September 30, 2025;

* CONTINUED ON NEXT PAGE *

NOW THEREFORE BE IT

RESOLVED, that on behalf of the Niagara Falls Public Water Authority, its Chairman is hereby authorized to enter into the contract with Capital Markets Advisors LLC dated October 1, 2021 to provide professional financial advisory services.

On November 18, 2021, the question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	Yes	No	Abstain	Absent
Michael Monaco	[]	[]	[]	[]
Daniel Weiss	[]	[]	[]	[]
Jason Murgia	[]	[]	[]	[]

Signed By:

Vote Witnessed By:

Jason Murgia, Chairperson

Sean W. Costello, Secretary to the Board

Capital Markets Advisors, LLC

Independent Financial Advisors

FINANCIAL ADVISORY SERVICES AGREEMENT

This Agreement has been entered into this 1st day of October, 2021 by and between the Niagara Falls Public Water Authority, New York (the "Client") and Capital Markets Advisors, LLC ("CMA"), a limited liability company created under the laws of the State of New York and having its principal place of business at 11 Grace Avenue, Great Neck, New York 11021 with additional offices in Elmira and 4211 North Buffalo Road, Suite 19, Orchard Park, NY 14127.

Section 1 Financial Advisory Services

CMA will provide the following services in connection with bond and note financings (the "Issue"), undertaken by Client during the term of this Agreement.

- 1.01 Review legal, financial, economic and other information necessary for CMA to advise the Client in planning, structuring and otherwise completing each Issue to be undertaken by the Client.
- 1.02 Prepare a plan of financing which will include CMA's analysis and recommendations to the Client regarding funding requirements, structuring alternatives, marketing, method of sale, security features, call provisions, credit ratings, credit enhancement, term, federal tax implications and such other matters which the Client and CMA agree should be included in the plan of financing.
- 1.03 Prepare or assist in the preparation of financing documents, as required by the Client, including but not limited to: term sheet, Official Statement, Notice of Sale and bid sheet, request for a credit rating, request for bond insurance, DTC Letter of Representations, and post-sale analysis.
- 1.04 Upon the request of the Client, CMA will assist the Client in the selection of other service providers necessary to conduct each Issue including but not limited to Bond Counsel, rating agencies, bond insurer, underwriters, trustee and financial printer, if appropriate.
- 1.05 Prepare and maintain a financing schedule, costs of issue, list of participants, and take such other actions requested by the Client to efficiently manage each Issue to meet Client's objectives.
- 1.06 Participate in the sale of the debt, confirm net interest cost calculation, verify underwriter's compensation and make a recommendation as to award.
- 1.07 Assist the Client with the delivery of proceeds of each Issue, payment of issuance costs and other matters related to closing each Issue.
- 1.08 Prepare final debt service schedules.
- 1.09 Assist with the closing of the Issue and verify receipt of Issue proceeds.

Capital Markets Advisors, LLC

Independent Financial Advisors

Section 2 Compensation

2.01 For CMA's performance of services on behalf of the Client as described in sections 1.01 through 1.09 hereof, CMA's compensation will be as follows:

For New Money Bond Issues sold via Negotiated or Competitive Sale; Refunding Bond Issues: a base fee of \$8,500 plus \$1.25 per each \$1,000 of the par amount of bonds issued.

For Bond and Tax Anticipation Note: a base fee of \$5,500 plus \$.50 per each \$1,000 of the par amount of notes issued.

Continuing Secondary Market Disclosure: CMA will charge a flat fee of \$2,000 for Continuing Disclosure inclusive of all required Material Event Notice filings.

All other work for services rendered to the Client at the Client's request but unrelated to a specific bond or note issue, at the blended hourly rate of \$195.

Out of Pocket Expenses: Out-of-pocket expenses billed to the Client at our direct cost might include photocopying, printing of presentation materials, overnight delivery charges, an internet distribution fee, and mileage reimbursable at current IRS rates.

Section 3 Term of Agreement

The term of this Agreement shall be for four (4) years from the date hereof.

Section 4 Disclosure

CMA does not assume the responsibilities of the Client, nor the responsibilities of the other professionals and vendors representing the Client, in the provision of services and the preparation of financing documents for financings under this agreement. CMA accepts the relationship of trust and confidence established between it and the Client. CMA agrees to furnish its best skill and judgment in the performance of its services in the most expeditious and economical manner consistent with the interests of the Client. Information obtained by the CMA, either through its own efforts or provided by the Client, included in the financing documents, or otherwise provided to the Client, is by reason of experience and professional judgment, believed to be accurate; however, such information is not guaranteed by the CMA. However, nothing in this paragraph shall relieve CMA from liability due to negligence or want of due diligence in the performance of its services.

Section 5 Required Regulatory Disclosure

Municipal Securities Rulemaking Board ("MSRB") Rule G-10 requires that municipal advisors, including CMA, provide to their clients the following information once each calendar year: (i) CMA is registered as an independent municipal advisor with the MSRB and the US Securities and Exchange Commission ("SEC"); (ii) CMA is subject to the regulations and rules on municipal advisory activities established by the SEC and MSRB; (iii) the website for the MSRB is www.msrb.org and the website for the SEC is www.sec.gov; and (iv) in addition to having educational materials about the municipal securities market, the MSRB website has a municipal advisory client brochure that describes the protections that may be provided by the MSRB rules and how to file a complaint with the appropriate regulatory authority.

Capital Markets Advisors, LLC

Independent Financial Advisors

MSRB Rule G-42 Disclosure Duties of Non-Solicitor Municipal Advisors

Capital Markets Advisors, LLC (“CMA”) is an MSRB Registered Municipal Advisor that conducts all municipal advisory activities subject to the fiduciary standards of conduct. MSRB Rule G-42 requires that municipal advisors disclose to their clients any actual or potential material conflict of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable. If no such material conflicts of interest are known to exist, municipal advisors are required to provide a written statement to that effect.

To the best of CMA’s knowledge and belief, neither CMA nor any associated person has any material undisclosed conflict of interest.

- CMA has no financial interest in, nor does CMA receive any undisclosed compensation from, any firm or person that CMA may use in providing any advice, service, or product to or on behalf of any CMA client.
- CMA does not pay contracted MSRB registered solicitors or other MSRB registered municipal advisors directly or indirectly in order to obtain or retain an engagement to perform municipal advisory services for any municipal entity.
- CMA does not receive any payments from a third party to enlist CMA’s recommendation of services, municipal securities transactions, or any municipal financial product or service.
- CMA does not have any fee-splitting arrangements with any provider of investments or services to any municipal entity.
- CMA may have conflicts of interest arising from compensation for municipal activities to be performed that are contingent on the size or closing of such transaction for which CMA is providing advice. This potential conflict of interest exists if CMA should fail to get paid for its work on a transaction in the event that transaction does not close.
- CMA services a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of other municipal clients. These other clients may, from time to time and depending on specific circumstances, have competing interests, such as accessing the market with the most advantageous timing. In acting in the interests of its various clients, CMA could potentially face a conflict of interest arising from these competing client interests. However, none of these other engagements or relationships would impair CMA’s ability to fulfill its regulatory duties to its municipal clients.
- There are no other actual conflicts of interest that could reasonably be anticipated to impair CMA’s ability to provide advice to any municipal entity in accordance with the standard of fiduciary conduct.

Information Regarding Legal Events and Disciplinary History Disclosure:

MSRB Rule G-42 requires that municipal advisors provide to their client’s certain disclosures of legal or disciplinary events material to the client’s evaluation of the municipal advisor or the integrity of the municipal advisor’s management or advisory personnel.

- Neither CMA nor any of its Associated Persons are currently subject to or have been subject to any legal or disciplinary event that could be material to a client’s evaluation of the Firm or the integrity of its management or Associated Persons.
- CMA’s Form MA and Form MA-Is for each of the Firm’s Associated Persons are posted in the Edgar Database located on the U.S. Securities and Exchange Commission’s website (www.sec.gov).
- CMA has not made any material legal or disciplinary event disclosures on Form MA or any Form MA-I filed with the U.S. Securities and Exchange Commission.

Capital Markets Advisors, LLC

Independent Financial Advisors

Future Supplemental Disclosures:

As required by MSRB Rule G-42, these disclosures may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described, or to provide information with regard to any legal or disciplinary events. CMA will provide its municipal clients with any supplement or amendment as it becomes available throughout the terms of each agreement or contract.

Section 6 Binding Effect

All agreements and covenants contained herein are severable and in the event any of them shall be held to be invalid by any competent court, this agreement shall be interpreted as if such invalid agreements or covenants were not contained herein, and the remaining provisions of this agreement shall remain in full force and effect. Each party hereto represents and warrants that this agreement has been duly authorized and executed by it and constitutes its valid and binding agreement and any governmental approvals necessary for the performance of this agreement have been obtained.

Section 7 Independent Contractor

CMA hereby acknowledges and agrees that its status under this Agreement will be that of an independent contractor. CMA and its officers, agents and employees shall not represent themselves as Client employees to any third party, nor shall they make any claim to the Client, or to any other person or entity, for benefits or privileges granted to Client employees, including but not limited to, Unemployment and Workers Compensation benefits. CMA further acknowledges and agrees that the Client shall not take any deductions or withholdings from CMA's compensation to pay federal or state taxes, or any other assessment, cost, expense or obligation which CMA or its officers, employees or agents may incur as a result of CMA receiving compensation pursuant to this agreement.

Section 8 Modification

This Agreement contains the entire agreement of the parties. It may be amended in whole or in part from time to time in writing by mutual consent of the parties.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first set forth on the first page hereof.

CAPITAL MARKETS ADVISORS, LLC
FEDERAL TAX I.D.: 02-0582108

NIAGARA FALLS PUBLIC
WATER AUTHORITY

By:



Rick Ganci
Executive Vice President & Principal

By:

Name:

Title:

NIAGARA FALLS PUBLIC WATER AUTHORITY RESOLUTION 2021-03

RESOLUTION AUTHORIZING THE ISSUANCE OF THE AUTHORITY'S TAXABLE
WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2022A AND
THE APPROVAL AND EXECUTION OF RELATED DOCUMENTS

WHEREAS, Title 10-B of the Public Authorities Law of the State of New York, as amended (the "Act") created the Niagara Falls Public Water Authority (the "Authority") with the authority and power to issue its revenue bonds for the purpose of among other things, planning, developing, acquiring, constructing and financing the cost of any facility (as defined in the Act), including the acquisition of facilities of the City of Niagara Falls ("the City") (the "System") by the Niagara Falls Water Board (the "Board") or for any other corporate purpose, including the establishment of reserves to secure the bonds, the payment of principal of, premium, if any, and interest on the bonds and the payment of incidental expenses in connection therewith; and

WHEREAS, the City has sold, transferred and otherwise conveyed the City's title and interest in the System to the Board; and

WHEREAS, the Authority has previously issued its Water and Sewer System Revenue Bonds, Series 2013A (the "2013A Bonds") in an aggregate principal amount of \$36,060,000 pursuant to the Act to advance refund a portion of the Authority's Series 2003A Bonds, finance System improvements and pay costs of issuance; and

WHEREAS the Authority is eligible to refinance the 2013A Bonds; and

WHEREAS, it is now desired to authorize the issuance of not exceeding \$37,000,000 of bonds (the "Bonds") to refinance the 2013A Bonds to pay costs of issuance, and to approve and authorize the execution of related documents; NOW, THEREFORE,

BE IT RESOLVED by the Niagara Falls Public Water Authority as follows:

Section 1.

The Authority hereby finds and determines:

- (a) By virtue of the Act, the Authority has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act.
- (b) It is desirable and in the public interest for the Authority to issue and sell the Bonds pursuant to a certain General Revenue Bond Resolution dated as of May 1, 2003 (the "General Resolution"), adopted by the Authority, and pursuant to a certain Twelfth Supplemental Resolution (the "Twelfth Supplemental Resolution") dated as of January 15, 2022, by and between the Authority and Manufacturers and Traders Trust Company, as trustee (the "Trustee") (the Twelfth Supplemental Resolution, collectively with the General Resolution, the "Resolution") and to use the proceeds of said bonds to refinance all or a part of the 2013A Bonds and pay costs of issuance.

Section 2.

In consequence of the foregoing, the Authority hereby determines to: (i) issue and sell up to \$37,000,000 of Taxable Water and Sewer System Revenue Refunding Bonds, Series 2022A pursuant to the Twelfth Supplemental Resolution and the General Resolution; (ii) use the proceeds

of the Bonds as previously described and as provided in the Twelfth Supplemental Resolution, and, specifically, for the primary purpose of refinancing the 2013A Bonds and paying costs of issuance, (iii) enter into each agreement hereafter identified in this resolution; and (iv) execute such other documents and take such other action as may be necessary to effectuate the purposes of this resolution.

Section 3. The form and substance of the Bonds (in substantially the form presented to this meeting) are hereby approved.

Section 4. The form and substance of the Twelfth Supplemental Resolution (in substantially the forms presented to this meeting) are hereby approved.

Section 5. The Authority is hereby authorized to issue, execute, sell and deliver the Bonds in the aggregate principal amount, maturing in such years at such amounts, in serial or term form, at the rate of interest and upon such terms as shall be approved by the Chairman or the vice-Chairman and in substantially the form heretofore approved in this resolution, provided that:

- (a) The Bonds are hereby authorized to be issued, executed and delivered and shall be issued, executed and delivered at such time as the Chairman or the Vice-Chairman of the Authority shall determine.
- (b) The Bonds shall be issued solely for the purposes previously described.
- (c) The Bonds and the interest thereon are not and shall never be a debt of the State of New York or any political subdivision thereof other than the Authority, including without limitation the City of Niagara Falls, and neither the State of New York nor any political subdivision thereof other than the Authority, including without limitation the City of Niagara Falls, shall be liable thereon.

Section 6. The Bonds shall not be issued, executed or delivered until the prior approval of the State Comptroller shall have been obtained as required by the Act.

- Section 7.
- (a) The Chairman or the vice-Chairman of the Authority are hereby authorized, on behalf of the Authority, to execute and deliver the Twelfth Supplemental Resolution, the Bonds, a bond purchase agreement, a preliminary official statement (including a final version thereof) and a tax certificate (collectively, the "Financing Documents"), and the Secretary of the Authority is hereby authorized to affix the seal of the Authority to the Twelfth Supplemental Resolution and the Bonds and to attest the same, all in substantially the forms thereof presented to or discussed at this meeting, with such changes, variations, omissions and insertions as the Chairman or the Vice Chairman shall approve. The execution thereof by the Chairman or the Vice-Chairman shall constitute conclusive evidence of such approval.
 - (b) The Chairman or the vice-Chairman of the Authority are further hereby authorized, on behalf of the Authority, to designate any additional Authorized Representatives of the Authority (as used or

defined in and pursuant to the Resolution) to execute, on behalf of the Authority, any Financing Documents.

Section 8.

The members, officers, employees and agents of the Authority are hereby authorized and directed for and in the name and on behalf of the Authority to do all acts and things required or provided for by the provisions of the Financing Documents, and to execute and deliver all such additional certificates, instruments and documents, pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the member, officer, employee or agent acting, desirable and proper to effect the purposes of this resolution and to cause compliance by the Authority with all of the terms, covenants and provisions of the Financing Documents.

Section 9.

Each of the documents identified in each Section of this resolution is hereby incorporated in this resolution as if set forth at length herein.

Section 10.

This resolution shall take effect immediately and the Bonds are hereby ordered to be issued in accordance with this resolution.

At a regular meeting of the Niagara Falls Public Water Authority, held at the Authority's office, _____, Niagara Falls, New York 14302, at _____ o'clock P.M., on the 18th day of November, 2021, the following members of the Authority were:

PRESENT:

ABSENT:

ALSO PRESENT:

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to the issuance and sale of the Authority's proposed Taxable Water and Sewer System Revenue Refunding Bonds, Series 2022A.

The following resolution was duly moved, seconded, discussed and adopted with the *following members voting in open session:*

AYE

NAY

STATE OF NEW YORK)
 ss.:
COUNTY OF NIAGARA)

I, the undersigned Secretary of the Niagara Falls Public Water Authority, DO HEREBY CERTIFY:

That I have compared the annexed extract of the minutes of the meeting of the Niagara Falls Public Water Authority, including the resolution contained therein, held on November 18, 2021, with the original thereof on file in my office, and that the same is a true and correct transcript therefrom and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that all members of said Authority had due notice of said meeting.

I FURTHER CERTIFY that, pursuant to Section 103 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public.

I FURTHER CERTIFY that, PRIOR to the time of said meeting, I duly caused a public notice of the time and place of said meeting to be given to the following newspapers and/or other news media as follows:

Newspaper and/or other news media

Date given

I FURTHER CERTIFY that PRIOR to the time of said meeting, I duly caused public notice of the time and place of said meeting to be conspicuously posted in the following designated public location on the following dates:

Designated Location of Posted Notice

Date of posting

None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Authority on November _____, 2021.

(CORPORATE SEAL)

[____], Secretary

NIAGARA FALLS PUBLIC WATER AUTHORITY
to
MANUFACTURERS AND TRADERS TRUST COMPANY
AS TRUSTEE

TWELFTH SUPPLEMENTAL RESOLUTION

Dated as of January 15, 2022

Authorizing

\$_____

NIAGARA FALLS PUBLIC WATER AUTHORITY (NEW YORK)
TAXABLE WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS,
SERIES 2022A

TWELFTH SUPPLEMENTAL RESOLUTION

THIS TWELFTH SUPPLEMENTAL RESOLUTION dated as of January 15, 2022 by and between the Niagara Falls Public Water Authority, a public benefit corporation of the State of New York (the "Authority") and Manufacturers and Traders Trust Company, a banking corporation organized and duly existing under the laws of New York, having its principal office and place of business in Buffalo, New York (the "Trustee") under and supplemental to that certain General Revenue Bond Resolution dated as of May 1, 2003, as amended, and by and between the Authority and the Trustee.

WITNESSETH:

WHEREAS, the Authority is a body corporate and politic, constituting a public benefit corporation of the State of New York, created under Title 10-B of the Public Authorities Law of the State of New York, as amended (the "Act"); and

WHEREAS, the Authority has adopted a General Revenue Bond Resolution (as modified, amended or supplemented, the "Resolution"), to which this Twelfth Supplemental Resolution is supplemental; and

WHEREAS, the City of Niagara Falls, New York (the "City") has previously sold, transferred and otherwise conveyed the City's title and interest in the System (as hereinafter defined) to the Niagara Falls Water Board (the "Board"); and

WHEREAS, the Authority has previously issued its Water and Sewer System Revenue Bonds, Series 2013A in the aggregate principal amount of \$36,060,000 (the "2013A Bonds") for the purposes of advance refunding a portion of the Authority's Series 2003A Bonds, financing certain improvements to the System and paying costs of issuance; and

WHEREAS, the Authority has resolved to refinance the 2013A Bonds by the issuance of \$_____ Taxable Water and Sewer System Revenue Refunding Bonds, Series 2022A (the "Bonds"); and

WHEREAS, the Authority certifies that the execution and delivery of the Bonds and of this Twelfth Supplemental Resolution have been duly authorized and all things necessary to make the Bonds, when executed by the Authority and authenticated by the Trustee, valid and binding legal obligations of the Authority and to make this Twelfth Supplemental Resolution a valid and binding agreement have been done;

NOW, THEREFORE, THIS TWELFTH SUPPLEMENTAL RESOLUTION WITNESSETH, that the Authority and the Trustee for good and valuable consideration, receipt and sufficiency of which they each hereby acknowledge, do hereby agree as follows:

ARTICLE I

DEFINITIONS

Terms not defined herein shall have the meanings ascribed to them in the Resolution. The following terms shall have the meanings provided below when used in this Twelfth Supplemental Resolution.

"Board" means the Niagara Falls Water Board, a body corporate and politic constituting a corporate municipal entity of the State authorized to be created by the Act and created by a special act of the State Legislature.

"Bonds" means the Series 2022A Bonds.

"City" means the City of Niagara Falls, Niagara County, New York, a municipal corporation of the State of New York, or its successors or assigns.

"Insurer" means

"Interest Payment Date" shall have the meaning set forth in Section 2.02 (b) hereof.

"Maturity" when used with respect to the Series 2022A Bonds means the date on which the principal of such Series 2022A Bonds becomes due and payable as therein or herein provided, whether at July 15, 2034 the final maturity date for the Series 2022A Bonds as set forth in Section 2.02 hereof, or call for redemption or otherwise.

"Paying Agent" means the paying agent, or paying agents appointed by the Authority under this Twelfth Supplemental Resolution, and shall initially mean the Trustee.

"Record Date" means the last Business Day of the preceding calendar month, immediately preceding each Interest Payment Date.

"System" means the entirety of all water, wastewater and stormwater facilities and properties of the Board or the Authority.

The words "hereof," "herein," "hereto," "hereby" and "hereunder" (except in the forms of the Series 2022A Bonds) refer to the entire Resolution.

ARTICLE II

THE SERIES 2022A BONDS

Section 2.01. Purpose, Amount, Date, Terms and Issuance of the Series 2022A Bonds.

(a) The Series 2022A Bonds are hereby authorized to be issued under the Resolution and this Twelfth Supplemental Resolution. The purpose of the Series 2022A Bonds will be to provide the Authority with moneys to (i) refund the 2013 Bonds, and (ii) pay costs of issuance. The Series 2022A Bonds shall be issued in the aggregate principal amount of \$_____ shall contain substantially the terms recited in the form of the Series 2022A Bonds attached hereto as Exhibit A and shall be dated _____, 2022.

(b) The Authority shall cause a copy of the opinion of Bond Counsel delivered in connection with the original issuance of the Series 2022A Bonds to be addressed and delivered to the Trustee.

(c) The Authority may issue the Series 2022A Bonds upon the execution of this Twelfth Supplemental Resolution. The Series 2022A Bonds shall be initially issued as registered certificated bonds, with one bond certificate for each maturity of the Series 2022A Bonds issued, without coupons, in the name of Cede & Co., as nominee of The Depository Trust Company. The Trustee shall authenticate and deliver the Series 2022A Bonds upon receipt of written direction from the Authority to do so.

(d) The Series 2022A Bonds shall bear interest at the rates as provided in Section 2.02(c) hereof and shall have the provisions with respect to redemption as provided in Section 2.03 hereof.

(e) Principal of and interest on the Series 2022A Bonds is guaranteed under a municipal bond insurance policy issued by the Insurer.

Section 2.02. Designation, Maturity, Denomination and Interest Rate of the Series 2022A Bonds.

(a) The Series 2022A Bonds, as initially issued: (i) shall each be designated "Niagara Falls Public Water Authority System (New York) Taxable Water and Sewer System Revenue Refunding Bonds, Series 2022A"; and (ii) shall be issued as otherwise provided in Section 2.01 (c) hereof;

(b) Interest on the Series 2022A Bonds will be payable on each January 15 and July 15 (each, an "Interest Payment Date"), commencing July 15, 2022. The Series 2022A Bonds will bear interest from and including _____, 2022.

(c) The Series 2022A Bonds shall mature on July 15 in the years and in the aggregate principal amounts and shall bear interest, determined on the basis of a year of 360 days consisting of 12 months of 30 days each, at the rates per annum set forth below:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		

Section 2.03. Redemption of the Bonds.

(a) The Series 2022A Bonds maturing on and after July 15, 2030 will be subject to redemption prior to maturity in principal amounts of \$5,000 or integral multiples thereof, at the option of the Authority on and after July 15, 2029, as a whole or in part on any date. Any such redemption shall be in such order of maturities as shall be determined by the Authority at a redemption price equal to 100% of the principal amount of Series 2022A Bonds or portions thereof to be redeemed together with the interest accrued thereon to the date fixed for redemption.

(b) In the event the Series 2022A Bonds are to be redeemed, in whole or in part, the Trustee shall cause notice to be given to the Holder of the bonds to be so redeemed as specified in Section 7.02 of the Resolution. If less than all of such bonds shall be called for redemption, a new Series 2022A Bond in the principal amount thereafter remaining to be paid shall be prepared, executed, and delivered by the Authority to the Trustee at the same time the Authority shall pay to the Trustee moneys for such partial redemption as herein provided. Such new bond shall be otherwise substantially of the same form, terms and content as the Series 2022A Bonds.

Section 2.04. Disposition of Proceeds of the Series 2022A Bonds.

Upon receipt of the proceeds from the sale of the Series 2022A Bonds, the Authority shall pay to the Trustee (i) \$_____ for deposit in the Escrow Fund, and (ii) \$_____ for deposit in the Costs of Issuance Fund to pay costs of issuance relating to the Series 2022A Bonds.

ARTICLE III

MISCELLANEOUS

Section 3.01. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Owners of the Series 2022A Bonds.

Section 3.02. Illegal, etc. Provisions Disregarded. In case any provision in this Twelfth Supplemental Resolution or the Series 2022A Bonds shall for any reason be held invalid, illegal or unenforceable in any respect, this Twelfth Supplemental Resolution or the Series 2022A Bonds shall be construed as if such provision had never been contained herein or therein.

Section 3.03. Notices. Except as otherwise provided herein, any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first class mail, postage prepaid, or sent by facsimile, addressed to the parties as follows:

Authority: Niagara Falls Public Water Authority
Department of Water Facilities
Niagara Falls, NY 14302
Attention: Chairman

Trustee: Manufacturers and Traders Trust Company
One M&T Plaza, 7th Floor
Buffalo, NY 14203-2399
Attention: Corporate Trust Department

The above parties may, by notice given hereunder, designate any further or different addresses to which, subsequent notices, certificates or other communications shall be sent.

Section 3.04. Successors and Assigns. All the covenants, promises and agreements in this Twelfth Supplemental Resolution contained by or on behalf of the Authority, or by or on behalf of the Trustee, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 3.05. Headings for Convenience Only. The descriptive headings in this Twelfth Supplemental Resolution are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 3.06. Counterparts. This Twelfth Supplemental Resolution may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 3.07. Applicable Law. This Twelfth Supplemental Resolution shall be governed by and construed in accordance with the laws of the State of New York.

Section 3.08. Designation of Paying Agent for the Series 2022A Bonds. The Trustee is hereby designated as Paying Agent for the Series 2022A Bonds.

Section 3.09. Duties, Immunities and Liabilities of the Trustee. Article XI of the Resolution is hereby made applicable to this Twelfth Supplemental Resolution with respect to the Trustee. The Trustee shall have only such duties as are specifically set forth in this Twelfth Supplemental Resolution and the Authority agrees to release the Trustee from any claim arising out of the discharge of any duties hereunder and to defend, indemnify and hold the Trustee and its officers, directors, employees and agents harmless against any loss, expense and liabilities which they may incur arising out of or in connection with the exercise or performance of the Trustee's powers and duties hereunder, except for liabilities, due to the Trustee's own gross negligence or willful misconduct.

IN WITNESS WHEREOF, NIAGARA FALLS PUBLIC WATER AUTHORITY has caused this Twelfth Supplemental Resolution to be executed by its Chairman and its corporate seal to be hereunto affixed, and MANUFACTURERS AND TRADERS TRUST COMPANY has caused this Twelfth Supplemental Resolution to be executed by one of its authorized officers, all as of the day and year first above written.

(AUTHORITY SEAL)

**NIAGARA FALLS PUBLIC WATER
AUTHORITY**

By:

Name:

Title: Chairman

**MANUFACTURERS AND TRADERS
TRUST COMPANY,
as Trustee**

By:

Name: _____

Title:

STATE OF NEW YORK)
): ss..
COUNTY OF NIAGARA)

On this _____ day of _____, 2022 personally appeared before me _____ personally known to me and known by me to be the person who executed the foregoing instrument in the name and on behalf of the Niagara Falls Public Water Authority, who, being by me duly sworn, did depose and say that he is the Chairman of said Authority, that the said Authority is the body corporate and politic described in and that executed the said instrument, and acknowledged said instrument so executed to be his voluntary act and the voluntary act and deed of said Authority, and stated on oath that said instrument was so signed by him and sealed and delivered on behalf of said Authority and at its direction, and that the seal affixed to said instrument is the official seal of said Authority.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year aforesaid.

Notary Public

(Notarial Seal)

My Commission Expires:

EXHIBIT A

(FORM OF SERIES 2022A BOND)

REGISTERED

REGISTERED

UNITED STATES OF AMERICA
NIAGARA FALLS PUBLIC WATER AUTHORITY (NEW YORK)
TAXABLE WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2022A

NO. R-_____

\$_____

MATURITY DATE

INTEREST
RATE

BOND DATE

_____,

_____%

_____, 2022

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM:

DOLLARS

(\$_____)

The **NIAGARA FALLS PUBLIC WATER AUTHORITY**, a body politic and corporate of the State of New York, created under the Niagara Falls Public Water Authority Act, acknowledges itself indebted to, and for value received, hereby promises to pay, solely from the special funds specified in the Resolution, to the Registered Owner stated hereon, or registered assigns, the Principal Sum of this Series 2022A Bond stated hereon on the Maturity Date hereof, unless redeemed prior thereto as hereinafter provided, upon the presentation and surrender of this Series 2022A Bond at either the principal corporate trust office in Buffalo, New York or at the paying agency office in Buffalo, New York of Manufacturers and Traders Trust Company, as Trustee and Paying Agent, or at the principal corporate trust office of any successor thereto, and to pay to the Registered Owner hereof, or registered assigns, at the principal corporate trust office of the Trustee and Paying Agent, or at the principal corporate trust office of any successor thereto, interest on such Principal Sum from the Bond Date to the date of maturity or earlier redemption of this Series 2022A Bond at the Interest Rate per annum, payable semi-annually on the 15th day of January and the 15th day of July of each year, commencing on the 15th day of July, 2022.

Principal of, redemption premium, if any, and interest on this Series 2022A Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment hereof, shall be legal tender for the payment of public and private debts.

NEITHER THE STATE OF NEW YORK, THE CITY OF NIAGARA FALLS, NEW YORK NOR ANY OTHER MUNICIPALITY OR PUBLIC CORPORATION, OTHER THAN THE AUTHORITY, SHALL BE LIABLE ON THIS SERIES 2022A BOND OR ANY OTHER BOND OF THE AUTHORITY AND THIS SERIES 2022A AND ANY OTHER BOND OF THE AUTHORITY SHALL NOT BE A DEBT OF THE STATE OF NEW YORK, THE CITY OF NIAGARA FALLS, NEW YORK, OR ANY OTHER MUNICIPALITY OR PUBLIC CORPORATION, OTHER THAN THE AUTHORITY.

REFERENCE IS MADE TO THE FURTHER PROVISIONS SET FORTH ON THE REVERSE HEREOF WHICH PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN FULL HEREIN.

This Series 2022A Bond shall not be entitled to any benefit under the Resolution or the Twelfth Supplemental Resolution or be valid or become obligatory for any purpose until this Series 2022A Bond shall have been registered upon the registration books of the Authority kept by the Trustee for that purpose, which registration shall be evidenced by the execution by the manual signature of a duly authorized signatory of the Trustee of the certificate of authentication hereon.

IN WITNESS WHEREOF, AS PROVIDED BY THE ACT, the Niagara Falls Public Water Authority has caused this Series 2022A Bond to be executed in its name and on its behalf by the manual or facsimile signature of its and its corporate seal to be affixed hereto or imprinted hereon, all as of the date above written.

[AUTHORITY SEAL]

**NIAGARA FALLS PUBLIC WATER
AUTHORITY**

By:

Name:

Title: Chairman

CERTIFICATE OF AUTHENTICATION

This Series 2022A Bond is issued under the within mentioned Resolution and Twelfth Supplemental Resolution.

MANUFACTURERS AND TRADERS TRUST
COMPANY,
as Trustee

By: _____
Authorized Signature

[REVERSE SIDE]

This Niagara Falls Public Water Authority Taxable Water and Sewer System Revenue Refunding Bonds, Series 2022A is issued under the Resolution, adopted as of May 1, 2003, (as modified, amended or supplemented) and the Twelfth Supplemental Resolution thereto, dated as of January 15, 2022 between the Authority and the Trustee in the aggregate principal amount of \$_____.

The issuance of this Series 2022A Bond has been authorized by a resolution duly adopted by the Authority pursuant to the laws of the State of New York. The aggregate principal amount of Bonds of any series which may be issued under the Resolution is not limited except as provided in the Resolution and all Bonds issued and to be issued under the Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Resolution. Copies of the Resolution and of the Twelfth Supplemental Resolution are on file at the principal corporate trust office in Buffalo, New York of the Trustee.

This Series 2022A Bond is transferable, as provided in the Resolution and in the Twelfth Supplemental Resolution, only upon the registration books of the Authority kept for that purpose at the principal corporate trust office in Buffalo, New York of the Trustee by the Registered Owner hereof in person, or by the Registered Owner's attorney duly authorized in writing, upon the surrender of this Series 2022A Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner or the Registered Owner's attorney duly authorized in writing, and thereupon a new registered Series 2022A Bond or Bonds, without coupons, and in the same aggregate principal amount and of the same maturity, shall be issued to the transferee in exchange therefor in the manner, subject to the conditions and upon the payment of the charges, if any, provided in the Resolution and in the Twelfth Supplemental Resolution.

All capitalized terms used herein shall have the meaning ascribed to them in the Resolution or the Twelfth Supplemental Resolution, to which reference should be made for a definitive understanding of the terms and provisions of this Series 2022A Bond, the rights of the Holders thereof, the circumstances under which the Resolution and Twelfth Supplemental Resolution may be amended, the rights and obligations of the Trustee and various other related matters.

REDEMPTION

This Series 2022A Bond is subject to redemption prior to maturity as provided below. If less than all of this Series 2022A Bond shall be called for redemption a new Bond in the principal amount thereafter remaining to be paid shall be prepared, executed, and delivered by the Authority to the Trustee at the same time that the Authority shall pay to the Trustee moneys for such partial redemption as herein provided. Such new Bond shall be otherwise substantially of the same form, terms and content as this Series 2022A Bond and shall, after such substitution and after authentication by the Trustee, be a Series 2022A Bond.

OPTIONAL REDEMPTION

This Series 2022A Bond is subject to redemption prior to maturity at the option of the Authority on and after July 15, 2029, in principal amounts of \$5,000 or integral multiples thereof as a whole or in part on any date. Any such redemption shall be in such order of maturities as shall be determined by the Authority at the redemption price (expressed as a percentage of the principal amount of this Series 2022A Bond or portions thereof to be so redeemed) set forth in the Twelfth Supplemental Resolution, together with the interest accrued thereon to the date fixed for redemption.

NOTICE OF REDEMPTION

The Trustee shall cause a notice to be given in accordance with the provisions of Section 7.2 of the Resolution, including by causing a notice to be deposited in the United States mail first class, postage prepaid, not more than sixty (60) days and at least thirty (30) days prior to the redemption date addressed to the Registered Owner of this Series 2022A Bond, at the addresses appearing in the records kept by the Trustee. Any such notice of redemption will identify this Series 2022A Bond by certificate number, CUSIP

number, date of issue, interest rate, and maturity date, will specify the redemption date and the redemption price, and will state that on the redemption date this Series 2022A Bond will be payable at the principal corporate trust office of the Trustee. Series 2022A Bond or portion thereof duly called for redemption will cease to bear interest on the specified redemption date. If this Series 2022A Bond is redeemed in part the Trustee shall authenticate and deliver to the Registered Owner thereof a new Series 2022A Bond in principal amount equal to the principal amount of the Series 2022A Bond not called for redemption, provided funds sufficient for the redemption of this Series 2022A Bond are on deposit with the Trustee. If such moneys are not available on the redemption date, this Series 2022A Bond or portions thereof will continue to bear interest until paid at the same rate as it would have borne had it not been called for redemption.

It is hereby, certified that all conditions, acts and things required to exist, happen and be performed under the Act, the Resolution and the Twelfth Supplemental Resolution precedent to or in the issuance of this Series 2022A Bond, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Series 2022A Bond, has been duly authorized by resolution of the Authority duly adopted.

No recourse shall be had for the payment of the principal of or interest on this Series 2022A Bond or for any claim based thereon or upon any obligation, covenant or agreement contained in the Resolution or the Twelfth Supplemental Resolution, against any past, present or future officer, member or director of the Authority, or any incorporator, member, officer, director or trustee of any successor corporation, as such, either directly or through the Authority or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, member, officer, director or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of the Resolution and the Twelfth Supplemental Resolution and the issuance of this Series 2022A Bond.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

(PLEASE PRINT OR TYPEWRITE NAME, SOCIAL SECURITY NUMBER AND ADDRESS OF TRANSFEREE)

the within Series 2022A Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

(ATTORNEY)

to transfer the within Series 2022A Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature(s) on this assignment must correspond with the name as it appears on the face of the within Series 2022A Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:



**NIAGARA FALLS PUBLIC WATER AUTHORITY, NEW YORK
REQUEST FOR PROPOSALS**



SENIOR MANAGING UNDERWRITER

WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, 2021A

October 20, 2021

Sean Costello
General Counsel and Secretary
Niagara Falls Water Authority

Rick Ganci
Executive Vice President and Principal
Capital Markets Advisors, LLC

Dear Mr. Costello and Ganci,

FHN Financial Capital Markets (“FHNCM”) is pleased to submit our Senior Managing Underwriter proposal to the Niagara Falls Public Water Authority (the “Authority”). We are the fixed income division of First Horizon Bank (the “Bank”), the nation’s 35th largest with over \$8.6 billion in available capital to support municipal underwritings. Our institutional investor coverage reaches approximately 4,800 accounts located across the United States, including 433 in New York as well as 122 international buyers located in 30 countries worldwide, augmenting the audience for the Authority’s potential taxable offering.

In the last two years, FHNCM has senior managed nine negotiated New York transactions totaling \$322 million, including financings for the Onondaga County Water Authority, Westchester County, Monroe County and the City of Yonkers. These transactions share many similarities to the Authority’s contemplated refunding, including taxable and forward delivery components as well as a corresponding local revenue credit structure.

As summarized herein, a taxable refunding of the Authority’s Series 2013A Bonds provides the most favorable economics, with estimated net present value savings of approximately \$3.7 million and an all-in TIC of 2.22%. Taxable bonds also allow the Authority to accelerate nearly all available savings into the next four years, beginning in FY-2022, increasing debt service coverage to 1.42x. In addition, with most existing Debt Service Reserve Fund monies attributable to the Series 2013A Bonds, a taxable refunding positions the Authority for a potential earnings windfall should future interest rates shift above actual borrowing costs.

We look forward to the Authority and Capital Market Advisors evaluating our proposal and hope the result will be our team working with you as Senior Manager.

Sincerely,

Michael Solomon

Michael Solomon
Managing Director
444 Madison Avenue, 9th Floor, New York, NY 10022
Office: 914.450.5933| Fax: 212.418.7999
Email: michael.solomon@fhnfinancial.com

B. Key Personnel.

Provide a list of the key personnel from your firm who will be assigned to this engagement, including their respective titles, tenure with your firm, proposed roles in this transaction and a brief description of their respective backgrounds. This section must not exceed one page in length.

FHN Financial Financing Team

Name	Title	Role	Industry	Firm
Michael Solomon	Managing Director	Lead Banker	33 yr.	4 yr.
Chris Alexander	Senior VP	Execution Banker	20 yr.	3 yr.
Mike Kuhn	Sr. Associate	Banking Support/Analytics	4 yr.	1 yr.
John Feery	Managing Director	Lead Underwriter	38 yr.	4 yr.

Michael Solomon, *Managing Director*, is responsible for the Firm's New York local government practice, having successfully led transactions across the State, including senior managed financings for the cities of Syracuse, Rochester and Buffalo as well as Nassau, Westchester and Monroe counties. With New York water revenue credits, Mr. Solomon has led successful water financings for the Onondaga County Water Authority, Buffalo Municipal Water Finance Authority and the Nassau County Sewer and Storm Water Finance Authority. Prior to FHN Financial, Mr. Solomon worked for Ramirez & Co., Merrill Lynch and Bear Stearns as a senior public finance banker. Mr. Solomon earned a BS from SUNY Albany where he majored in Financial Decision Systems and holds his FINRA Series 7, 52, 53, 63, and SIE licenses.

Christopher Alexander, *Senior Vice President*, has over 20 years of experience in the public finance industry and originally hails from Buffalo, NY. His prior experience includes serving as a Debt Manager for Union County, North Carolina, where he led the County to eight ratings upgrades, managed their debt portfolio and long-term capital planning. Mr. Alexander also established a regional municipal advisory firm providing consulting, advisory, and analytical services. His experience exceeds 800 transactions and \$12 billion in par issued. Mr. Alexander is a graduate of St. Bonaventure University and holds his FINRA Series 7, 50, 52, 63, and SIE licenses.

Michael Kuhn, *Senior Associate*, recently joined FHN Financial after five years with the municipal advisory firm Wye River Group. Michael has experience managing and supporting the structuring and execution of over \$1.75 billion of debt financings for governmental borrowers nationwide. Michael graduated with a Bachelor of Business Administration in Finance and Certificate in Legal Studies from the University of Georgia. He holds a Series 50 license and is a CFA Exam Level III candidate.

John Feery, *Managing Director*, Mr. Feery is a 38-year veteran underwriter, having successfully priced over \$750 billion of senior managed transactions alone, including recent New York financings for Westchester County, Monroe County, the City of Yonkers and the City of Syracuse. Mr. Feery spent a majority of his career as Senior Underwriter at Paine Webber/UBS Securities as well as heading municipal underwriting for Raymond James, Stephens and William Blair. Mr. Feery received his Bachelor of Science in Accounting from Providence College. He holds his FINRA Series 7, 52, 53, 63, 79, 50 and SIE licenses.

C. Experience and Expertise.

List the negotiated taxable water and sewer revenue refunding bonds and tax-exempt forward delivery water and sewer revenue refunding bond issues in New York State for which your firm has served as senior manager or direct purchaser since September 1, 2019. For each issue, specify the capacity in which your firm served (i.e., sole senior, co-senior or direct purchaser). Provide a description of each issue, including the par amount and the ratings on the securities, as well as the underlying ratings, if any.

Since September 2019, FHNCM has senior managed 21 Water and Sewer Revenue Bond financings nationally aggregating approximately \$305 million as detailed below. During this period, we also ran the books on 32 taxable transactions totaling nearly \$1 billion in par amount. With access to domestic as well as international distribution channels, our taxable capabilities achieved over \$1.7 billion in priority orders on Tucson's recent \$658 million taxable offering. Our relevant New York senior managed negotiated experience includes \$41.2 million Onondaga County Water Authority Water Revenue Bonds; \$22.3 million City of Yonkers Taxable G.O. Bonds and \$14.5 million Westchester County Forward Delivery Refunding Bonds.

Senior Managed Water and Sewer Experience

Date	Issuer	Transaction Description	Par (\$)	Type
7/29/2019	City of Knoxville TN	Wastewater System Revenue	16,000,000	C
7/31/2019	City of Lincoln NE	Water Revenue Refunding Bonds	10,170,000	C
10/25/2019	City of Memphis	Storm Water System Revenue Bonds	35,830,000	N
11/8/2019	Onondaga County Water Authority	General Water System Revenue Bonds	41,235,000	N
4/29/2020	City of Knoxville TN	Water System Revenue Refunding	19,520,000	C
5/27/2020	City of Cedar Rapids IA	Water Revenue Refunding Bonds	7,995,000	C
5/27/2020	City of Cedar Rapids IA	Sewer Revenue Bonds	5,235,000	C
5/27/2020	City of Cedar Rapids IA	Water Revenue Bonds	7,995,000	C
10/27/2020	City of Edmonds WA	Water & Sewer Rev Bonds	13,875,000	C
10/27/2020	City of Edmonds WA	Water & Sewer System Revenue	13,875,000	C
1/11/2021	City of Friendswood, TX	Waterworks and Sewer Sys Rev Bonds	13,690,000	N
3/3/2021	Canyon Regional Water Authority	Contract Revenue Bonds	12,050,000	N
4/19/2021	Orange Co Water Imp District, TX	Revenue Refunding Bonds	8,825,000	N
4/20/2021	San Antonio River Authority, TX	Wastewater System Revenue Bonds	20,765,000	N
4/20/2021	Williamson County MUD TX	Unlimited Tax Refunding Bonds	3,470,000	N
5/5/2021	City of Lewisville TX	Waterworks & Sewer System Revenue	15,970,000	C
5/12/2021	Canyon Regional Water Authority, TX	Contract Revenue Refunding Bonds	2,115,000	N
5/12/2021	Canyon Regional Water Authority, TX	Contract Revenue Refunding Bonds	13,860,000	N
8/9/2021	City of West Colombia, TX	Tax & Revenue Certificates	5,580,000	N
8/19/2021	Brunswick-Glynn Co Wtr & Swr, GA	Waterworks & Sewer System Revenue	15,815,000	C
9/9/2021	Cibolo Creek Municipal Authority, TX	Revenue and Refunding Bonds	21,025,000	N

D. Debt Structure:

Refunding analysis which meet the refunding criteria herein must be included as part of your proposal.

Based on prescribed RFP assumptions, estimated present value savings attributable to refunding \$33,635,000 of outstanding Series 2013A Bonds range from \$3.7 million to \$2.9 million for the taxable and forward delivery alternatives. Traditional advantages owing to tax-exemption are negated by additional costs inherent to the contemplated 16-month delayed delivery transaction including forward premiums and limited coupon flexibility, with forward delivery structures demanding the standard 5% coupon, thereby increasing all-in TICs and limiting upfront savings potential.

As summarized below, the taxable refunding produces an all-in TIC of approximately 2.22% compared to 2.94% for the forward delivery structure, translating into nearly \$700,000 in present value savings differential favoring a taxable financing. Taxable bonds, whether structured for uniform or upfront savings, also accelerate available budgetary benefits compared to forward delivery bonds with the taxable upfront scenario providing \$3.7 mm in cash flow savings from FY 2022-FY 2025, twice the near-term forward refunding benefit.

Refunding Summary

Refunding Type Structure	Taxable		Forward	
	Uniform	Upfront	Uniform	Upfront
Refunding Par	37,015,000	37,015,000	29,825,000	29,705,000
All-in TIC	2.22%	2.23%	2.94%	2.95%
PV Savings (\$)	3,698,788	3,644,067	3,007,584	2,881,278
PV Savings (%)	10.99%	10.83%	8.94%	8.57%
Fiscal Year	Annual Cash Flow Savings (\$)			
2022	193,517	1,027,737	NA	NA
2023	333,830	715,130	78,166	369,633
2024	335,552	1,315,130	313,638	580,138
2025	332,182	685,130	312,388	615,138
2026	336,073	4,461	310,388	616,888
2027	334,188	992	312,638	616,888
2028	333,679	4,730	308,888	330,138
2029	333,688	4,555	309,388	888
2030	332,048	3,396	313,888	1,888
2031	333,849	1,067	310,288	538
2032	335,030	3,623	310,088	3,088
2033	335,096	323	310,338	1,588
2034	333,365	760	313,275	3,525

With the results illustrated above reflecting gross funded escrows, potential earnings could provide the taxable refunding with approximately \$125,000 in additional savings. Moreover, with a large portion of the existing \$8.7 million Debt Service Reserve Fund attributable to the Series 2013A Bonds, a taxable refunding would position the Authority for an earnings windfall should interest rates shift higher. Even

without these enhancements, a taxable refunding structured for upfront savings would meaningfully impact the Authority's debt service coverage, reaching up to 1.42x as shown below.

Authority Debt Service Coverage Pro-Forma

	Actual	Projected				
	2020	2021	2022	2023	2024	2025
Revenues	33,479,112	31,864,560	33,328,028	34,623,149	35,633,343	36,327,010
Expenses	24,536,760	22,658,334	23,721,967	24,453,464	25,208,895	25,989,076
Net Revenues	8,942,352	9,206,226	9,606,061	10,169,685	10,424,448	10,337,934
Existing Debt Service	7,558,023	7,198,765	7,541,129	7,268,579	7,875,215	7,813,958
Refunding Savings			1,027,737	715,130	1,315,130	685,130
Future Debt Service			275,000	795,000	780,000	765,000
Total Debt Service	7,558,023	7,198,765	6,788,392	7,348,449	7,340,085	7,893,828
Surplus	1,384,329	2,007,461	2,817,669	2,821,236	3,084,363	2,444,106
Debt Service Coverage	1.18	1.28	1.42	1.38	1.42	1.31

*Source: Authority 2021 Continuing Disclosure Report

Our analysis includes the scale set forth below with supporting cash flows located in Appendix A.

Preliminary Pricing Indications (as of September 28, 2021)

Taxable Par Coupons				Forward Delivery 5% Coupons			
7/15	TRE	Spread	Yield	MMD	Spread	Premium	Yield
2022	0.31%	0.05%	0.36%	NA	NA	NA	NA
2023	0.31%	0.10%	0.41%	0.17%	0.07%	0.75%	0.99%
2024	0.55%	0.10%	0.65%	0.23%	0.12%	0.75%	1.10%
2025	1.02%	0.12%	1.14%	0.34%	0.23%	0.75%	1.32%
2026	1.02%	0.20%	1.22%	0.48%	0.25%	0.75%	1.48%
2027	1.34%	0.15%	1.49%	0.65%	0.20%	0.75%	1.60%
2028	1.34%	0.35%	1.69%	0.80%	0.20%	0.75%	1.75%
2029	1.54%	0.35%	1.89%	0.92%	0.22%	0.75%	1.89%
2030*	1.54%	0.45%	1.99%	1.02%	0.24%	0.75%	2.01%
2031*	1.54%	0.55%	2.09%	1.10%	0.16%	0.75%	2.01%
2032*	1.54%	0.60%	2.14%	1.14%	0.18%	0.75%	2.07%
2033*	1.54%	0.70%	2.24%	1.18%	0.20%	0.75%	2.13%
2034*	1.54%	0.80%	2.34%	1.22%	0.20%	0.75%	2.17%
* Callable July 15, 2029						Uninsured	

E. Compensation.

Include a firm indication of the total proposed spread (in dollars/\$1,000). Complete the fees and expenses form provided as Exhibit 1. All fees and expenses must be provided on a not-to-exceed basis, subject to market considerations. This section must not exceed one page in length.

FHNCM's proposed gross spread equals \$2.98 per bond and \$3.53 per bond for the taxable and forward delivery refunding respectively as detailed in Exhibit 1A and Exhibit 1B.

EXHIBIT 1A**TAXABLE ADVANCE REFUNDING BONDS****NIAGARA FALLS PUBLIC WATER AUTHORITY, NEW YORK****Fees and Expenses Worksheet**

Total Spread (in dollars per thousand):

(1)	Average Takedown	\$2.00
(2)	Direct Purchase Fee	\$
(3)	Management Fee	\$
(4)	Underwriter's/Direct Purchaser Expenses*	\$.98
(5)	Underwriting Fee (Risk)	\$
Total Spread:		\$2.98

*Breakdown of Underwriter's/Direct Purchaser Expenses (actual dollar amount):

(1)	Underwriter's/Direct Purchaser's Counsel (1)	\$30,000
(2)	Travel	\$
(3)	Fed Funds (2)	\$1,028
(4)	Document Printing (3)	\$
(5)	Overnight Delivery	\$
(6)	Other (specify)	\$5,625
Sub-Total Expenses:		\$ 36,293

Submitted By: Submitted By: Michael Solomon

Title: Managing Director

Firm: FHN Financial Capital Markets

Telephone: (914) 450-5933

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EXHIBIT 1B**FORWARD DELIVERY TAX-EXEMPT REFUNDING BONDS****NIAGARA FALLS PUBLIC WATER AUTHORITY, NEW YORK****Fees and Expenses Worksheet****Total Spread (in dollars per thousand):**

(1)	Average Takedown	\$2.00
(2)	Direct Purchase Fee	\$
(3)	Management Fee	\$
(4)	Underwriter's/Direct Purchaser Expenses*	\$1.53
(5)	Underwriting Fee (Risk)	\$
Total Spread:		\$ 3.53

***Breakdown of Underwriter's/Direct Purchaser Expenses (actual dollar amount):**

(1)	Underwriter's/Direct Purchaser's Counsel (1)	\$40,000
(2)	Travel	\$
(3)	Fed Funds (2)	\$828
(4)	Document Printing (3)	\$
(5)	Overnight Delivery	\$
(6)	Other (specify)	\$4,781
Sub-Total Expenses:		\$ 45,610

Submitted By: Michael Solomon

Title: Managing Director

Firm: FHN Financial Capital Markets

Telephone: (914) 450-5933

Important Notice to Issuers

Firm Disclosures

Please be advised that FHN Financial is responding to this Request for Proposals, and based on information available to us, is relying on the Response to RFP/RFQ exemption provided in Rule 15Ba1-1 (the Rule), under the Securities Exchange Act of 1934, pursuant to Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. In accordance with MSRB Rule G-17, FHN Financial will provide a formal disclosure letter when a mandate is received on a particular transaction. FHN Financial is not recommending an action, is not acting as an advisor, and does not owe a fiduciary duty pursuant to the Rule with respect to the information and material contained in this communication.

Important Notice to Issuers

The U.S. Securities and Exchange Commission (SEC) adopted final rules, including Rule 15Ba1-1 (the Rule), under the Securities Exchange Act of 1934, pursuant to Section 975 of the Dodd Frank Wall Street Reform and Consumer Protection Act.

FHN Financial Capital Markets is providing to the Issuer the information included herein for the purposes of consideration as underwriter. FHN Financial is not recommending an action to the Issuer, is not acting as an advisor to the Issuer and does not owe a fiduciary duty pursuant to the Rule to the Issuer with respect to the information and material contained in this communication. FHN Financial seeks to serve as underwriter for the Issuer and not as a financial advisor or municipal advisor consistent with the MSRB Rule G-23 interpretive guidance.

The information provided is for discussion purposes only in anticipation of receiving a mandate to serve as underwriter. The Rule provides FHN Financial with three underwriter's exemptions (and FHN Financial intends to avail itself to one or more exemptions) that would facilitate additional communications to the Issuer relating to issuance of municipal debt. In accordance with MSRB Rule G-17, FHN Financial will provide a formal disclosure letter when a mandate is received on a particular transaction.

FHN Financial is acting for its own interests and the Issuer should discuss any information and material contained in this communication with any and all internal or external advisors and experts that the Issuer deems appropriate before acting on this information or material.

FHN Financial does not provide financial advisory or municipal advisory services and is not registered with the SEC or the MSRB as a Registered Municipal Advisor as defined in the Rule. However, FHN Financial Municipal Advisors (FHNMA), an affiliate under common control and staffed by employees of FHN Financial is registered with the SEC and the MSRB as a Registered Municipal Advisor under the Rule and does provide financial advisory and municipal advisory services to other issuers.

Please note that MSRB Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors and an underwriter's primary role is to purchase the certificates with a view to distribution in an arm's-length commercial transaction with the Issuer. An underwriter has financial and other interests that differ from those of the Issuer. Unlike a municipal advisor, an underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act only in the best interests of the Issuer without regard to its own financial or other interests. An underwriter has a duty to purchase the certificates from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell the certificates to investors at prices that are fair and reasonable. An underwriter will review the official statement for each new issuance of certificates in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of a transaction.

Please note that MSRB Rule G-23, among other things, prohibits entities that have a financial advisory relationship with an issuer with respect to issuance of municipal securities from underwriting new issues for that issuer. Therefore, FHNMA will not accept an engagement(s) in association with a transaction related to the information provided herein.

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Disclaimer

Although this information has been obtained from sources which we believe to be reliable, we do not guarantee its accuracy, and it may be incomplete or condensed. This is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. All herein listed securities are subject to availability and change in price. Past performance is not indicative of future results, and changes in any assumptions may have a material effect on projected results. Ratings on all securities are subject to change. FHN Financial Capital Markets, FHN Financial Portfolio Advisors, and FHN Financial Municipal Advisors are divisions of First Horizon Bank. FHN Financial Securities Corp., FHN Financial Main Street Advisors, LLC, and FHN Financial Capital Assets Corp. are wholly owned subsidiaries of First Horizon Bank. FHN Financial Securities Corp. is a member of FINRA and SIPC — <http://www.sipc.org>. FHN Financial Municipal Advisors is a registered municipal advisor. FHN Financial Portfolio Advisors is a portfolio manager operating under the trust powers of First Horizon Bank. FHN Financial Main Street Advisors, LLC is a registered investment advisor. None of the other FHN entities, including FHN Financial Capital Markets, FHN Financial Securities Corp., or FHN Financial Capital Assets Corp. are acting as your advisor, and none owe a fiduciary duty under the securities laws to you, any municipal entity, or any obligated person with respect to, among other things, the information and material contained in this communication. Instead, these FHN entities are acting for their own interests. You should discuss any information or material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material. FHN Financial, through First Horizon Bank or its affiliates, offers investment products and services. Investment products are not FDIC insured, have no bank guarantee, and may lose value.

Appendix A: Supporting Cash Flows

Taxable Refunding

Uniform Savings

SOURCES AND USES OF FUNDS

Niagara Falls Public Water Authority Taxable_Uniform

Dated Date 12/15/2021
Delivery Date 12/15/2021

Sources:	<i>Taxable Refunding</i>
Bond Proceeds:	
Par Amount	37,015,000.00
	37,015,000.00

Uses:	<i>Taxable Refunding</i>
Refunding Escrow Deposits:	
Cash Deposit	36,565,775.00
Cost of Issuance:	
Cost of Issuance	250,000.00
Delivery Date Expenses:	
Underwriter's Discount	110,323.30
Bond Insurance	85,289.22
	195,612.52
Other Uses of Funds:	
Contingency	3,612.48
	37,015,000.00

SUMMARY OF REFUNDING RESULTS

Niagara Falls Public Water Authority Taxable_Uniform

Dated Date	12/15/2021
Delivery Date	12/15/2021
Arbitrage yield	2.098649%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	37,015,000.00
True Interest Cost	2.135561%
Net Interest Cost	2.109324%
All-In TIC	2.219710%
Average Coupon	2.076172%
Average Life	8.990
Weighted Average Maturity	8.990
Par amount of refunded bonds	33,635,000.00
Average coupon of refunded bonds	4.299605%
Average life of refunded bonds	9.598
Remaining weighted average maturity of refunded bonds	9.598
PV of prior debt to 12/15/2021 @ 2.098649%	40,624,886.41
Net PV Savings	3,698,788.11
Percentage savings of refunded bonds	10.996843%
Percentage savings of refunding bonds	9.992674%

SAVINGS

Niagara Falls Public Water Authority Taxable_Uniform

<i>Date</i>	<i>Prior Debt Service</i>	<i>Refunding Debt Service</i>	<i>Savings</i>
07/15/2022	1,465,387.50	1,271,870.71	193,516.79
07/15/2023	1,465,387.50	1,131,557.50	333,830.00
07/15/2024	2,065,387.50	1,729,835.50	335,552.00
07/15/2025	2,100,387.50	1,768,205.50	332,182.00
07/15/2026	2,102,137.50	1,766,064.50	336,073.00
07/15/2027	2,102,137.50	1,767,949.50	334,188.00
07/15/2028	2,105,387.50	1,771,708.50	333,679.00
07/15/2029	5,876,637.50	5,542,949.50	333,688.00
07/15/2030	5,877,387.50	5,545,339.50	332,048.00
07/15/2031	5,874,787.50	5,540,939.00	333,848.50
07/15/2032	5,869,587.50	5,534,558.00	335,029.50
07/15/2033	5,873,587.50	5,538,492.00	335,095.50
07/15/2034	5,348,025.00	5,014,660.00	333,365.00
	48,126,225.00	43,924,129.71	4,202,095.29

Savings Summary

Savings PV date	12/15/2021
Savings PV rate	2.098649%
PV of savings from cash flow	3,695,175.63
Plus: Refunding funds on hand	3,612.48
Net PV Savings	3,698,788.11

BOND PRICING

Niagara Falls Public Water Authority Taxable_Uniform

<i>Bond Component</i>	<i>Maturity Date</i>	<i>Amount</i>	<i>Rate</i>	<i>Yield</i>	<i>Price</i>
Uninsured:					
	07/15/2022	855,000	0.360%	0.360%	100.000
	07/15/2023	420,000	0.410%	0.410%	100.000
		1,275,000			
Insured:					
	07/15/2024	1,020,000	0.650%	0.650%	100.000
	07/15/2025	1,065,000	1.140%	1.140%	100.000
	07/15/2026	1,075,000	1.220%	1.220%	100.000
	07/15/2027	1,090,000	1.490%	1.490%	100.000
	07/15/2028	1,110,000	1.690%	1.690%	100.000
	07/15/2029	4,900,000	1.890%	1.890%	100.000
	07/15/2030	4,995,000	1.990%	1.990%	100.000
	07/15/2031	5,090,000	2.090%	2.090%	100.000
	07/15/2032	5,190,000	2.140%	2.140%	100.000
	07/15/2033	5,305,000	2.240%	2.240%	100.000
	07/15/2034	4,900,000	2.340%	2.340%	100.000
		35,740,000			
		37,015,000			

Dated Date	12/15/2021	
Delivery Date	12/15/2021	
First Coupon	01/15/2022	
Par Amount	37,015,000.00	
Original Issue Discount		
Production	37,015,000.00	100.000000%
Underwriter's Discount	-110,323.30	-0.298050%
Purchase Price	36,904,676.70	99.701950%
Accrued Interest		
Net Proceeds	36,904,676.70	

BOND DEBT SERVICE

Niagara Falls Public Water Authority Taxable_Uniform

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
07/15/2022	855,000	0.360%	416,870.71	1,271,870.71
07/15/2023	420,000	0.410%	711,557.50	1,131,557.50
07/15/2024	1,020,000	0.650%	709,835.50	1,729,835.50
07/15/2025	1,065,000	1.140%	703,205.50	1,768,205.50
07/15/2026	1,075,000	1.220%	691,064.50	1,766,064.50
07/15/2027	1,090,000	1.490%	677,949.50	1,767,949.50
07/15/2028	1,110,000	1.690%	661,708.50	1,771,708.50
07/15/2029	4,900,000	1.890%	642,949.50	5,542,949.50
07/15/2030	4,995,000	1.990%	550,339.50	5,545,339.50
07/15/2031	5,090,000	2.090%	450,939.00	5,540,939.00
07/15/2032	5,190,000	2.140%	344,558.00	5,534,558.00
07/15/2033	5,305,000	2.240%	233,492.00	5,538,492.00
07/15/2034	4,900,000	2.340%	114,660.00	5,014,660.00
	37,015,000		6,909,129.71	43,924,129.71

BOND DEBT SERVICE

Niagara Falls Public Water Authority Taxable_Uniform

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
01/15/2022			59,552.96	59,552.96	
07/15/2022	855,000	0.360%	357,317.75	1,212,317.75	1,271,870.71
01/15/2023			355,778.75	355,778.75	
07/15/2023	420,000	0.410%	355,778.75	775,778.75	1,131,557.50
01/15/2024			354,917.75	354,917.75	
07/15/2024	1,020,000	0.650%	354,917.75	1,374,917.75	1,729,835.50
01/15/2025			351,602.75	351,602.75	
07/15/2025	1,065,000	1.140%	351,602.75	1,416,602.75	1,768,205.50
01/15/2026			345,532.25	345,532.25	
07/15/2026	1,075,000	1.220%	345,532.25	1,420,532.25	1,766,064.50
01/15/2027			338,974.75	338,974.75	
07/15/2027	1,090,000	1.490%	338,974.75	1,428,974.75	1,767,949.50
01/15/2028			330,854.25	330,854.25	
07/15/2028	1,110,000	1.690%	330,854.25	1,440,854.25	1,771,708.50
01/15/2029			321,474.75	321,474.75	
07/15/2029	4,900,000	1.890%	321,474.75	5,221,474.75	5,542,949.50
01/15/2030			275,169.75	275,169.75	
07/15/2030	4,995,000	1.990%	275,169.75	5,270,169.75	5,545,339.50
01/15/2031			225,469.50	225,469.50	
07/15/2031	5,090,000	2.090%	225,469.50	5,315,469.50	5,540,939.00
01/15/2032			172,279.00	172,279.00	
07/15/2032	5,190,000	2.140%	172,279.00	5,362,279.00	5,534,558.00
01/15/2033			116,746.00	116,746.00	
07/15/2033	5,305,000	2.240%	116,746.00	5,421,746.00	5,538,492.00
01/15/2034			57,330.00	57,330.00	
07/15/2034	4,900,000	2.340%	57,330.00	4,957,330.00	5,014,660.00
	37,015,000		6,909,129.71	43,924,129.71	43,924,129.71

SUMMARY OF BONDS REFUNDED

Niagara Falls Public Water Authority Taxable_Uniform

<i>Bond</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Par Amount</i>	<i>Call Date</i>	<i>Call Price</i>
Series 2013 A, BOND:					
	07/15/2024	5.000%	600,000.00	07/15/2023	100.000
	07/15/2025	5.000%	665,000.00	07/15/2023	100.000
	07/15/2026	5.000%	700,000.00	07/15/2023	100.000
	07/15/2027	5.000%	735,000.00	07/15/2023	100.000
	07/15/2028	5.000%	775,000.00	07/15/2023	100.000
	07/15/2029	5.000%	4,585,000.00	07/15/2023	100.000
	07/15/2030	4.000%	4,815,000.00	07/15/2023	100.000
	07/15/2031	4.000%	5,005,000.00	07/15/2023	100.000
	07/15/2032	4.250%	5,200,000.00	07/15/2023	100.000
	07/15/2033	4.250%	5,425,000.00	07/15/2023	100.000
	07/15/2034	4.250%	5,130,000.00	07/15/2023	100.000
			33,635,000.00		

PRIOR BOND DEBT SERVICE

Niagara Falls Public Water Authority Taxable_Uniform

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
07/15/2022			1,465,387.50	1,465,387.50
07/15/2023			1,465,387.50	1,465,387.50
07/15/2024	600,000	5.000%	1,465,387.50	2,065,387.50
07/15/2025	665,000	5.000%	1,435,387.50	2,100,387.50
07/15/2026	700,000	5.000%	1,402,137.50	2,102,137.50
07/15/2027	735,000	5.000%	1,367,137.50	2,102,137.50
07/15/2028	775,000	5.000%	1,330,387.50	2,105,387.50
07/15/2029	4,585,000	5.000%	1,291,637.50	5,876,637.50
07/15/2030	4,815,000	4.000%	1,062,387.50	5,877,387.50
07/15/2031	5,005,000	4.000%	869,787.50	5,874,787.50
07/15/2032	5,200,000	4.250%	669,587.50	5,869,587.50
07/15/2033	5,425,000	4.250%	448,587.50	5,873,587.50
07/15/2034	5,130,000	4.250%	218,025.00	5,348,025.00
	33,635,000		14,491,225.00	48,126,225.00

ESCROW REQUIREMENTS

Niagara Falls Public Water Authority Taxable_Uniform

<i>Period Ending</i>	<i>Interest</i>	<i>Principal Redeemed</i>	<i>Total</i>
01/15/2022	732,693.75		732,693.75
07/15/2022	732,693.75		732,693.75
01/15/2023	732,693.75		732,693.75
07/15/2023	732,693.75	33,635,000.00	34,367,693.75
	2,930,775.00	33,635,000.00	36,565,775.00

UNDERWRITER'S DISCOUNT

Niagara Falls Public Water Authority Taxable_Uniform

<i>Underwriter's Discount</i>	<i>\$/1000</i>	<i>Amount</i>
Average Takedown	2.00000	74,030.00
Underwriters Counsel	0.81048	30,000.00
CUSIP	0.01416	524.00
DTC	0.03512	1,300.00
Continuing Disclosure	0.01216	450.00
IPREO (Sole Managed)	0.06730	2,491.11
IPREO (EEO/Wire)	0.01351	500.00
Fed Funds	0.02778	1,028.19
	2.98050	110,323.30

DETAILED BOND DEBT SERVICE

Niagara Falls Public Water Authority Taxable Refunding

Uninsured

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
07/15/2022	855,000	0.360%	2,800	857,800
07/15/2023	420,000	0.410%	1,722	421,722
	1,275,000		4,522	1,279,522

DETAILED BOND DEBT SERVICE

Niagara Falls Public Water Authority Taxable Refunding

Insured

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
07/15/2022			414,070.71	414,070.71
07/15/2023			709,835.50	709,835.50
07/15/2024	1,020,000	0.650%	709,835.50	1,729,835.50
07/15/2025	1,065,000	1.140%	703,205.50	1,768,205.50
07/15/2026	1,075,000	1.220%	691,064.50	1,766,064.50
07/15/2027	1,090,000	1.490%	677,949.50	1,767,949.50
07/15/2028	1,110,000	1.690%	661,708.50	1,771,708.50
07/15/2029	4,900,000	1.890%	642,949.50	5,542,949.50
07/15/2030	4,995,000	1.990%	550,339.50	5,545,339.50
07/15/2031	5,090,000	2.090%	450,939.00	5,540,939.00
07/15/2032	5,190,000	2.140%	344,558.00	5,534,558.00
07/15/2033	5,305,000	2.240%	233,492.00	5,538,492.00
07/15/2034	4,900,000	2.340%	114,660.00	5,014,660.00
	35,740,000		6,904,607.71	42,644,607.71

BOND SUMMARY STATISTICS

Niagara Falls Public Water Authority Taxable_Uniform

Dated Date	12/15/2021
Delivery Date	12/15/2021
Last Maturity	07/15/2034
Arbitrage Yield	2.098649%
True Interest Cost (TIC)	2.135561%
Net Interest Cost (NIC)	2.109324%
All-In TIC	2.219710%
Average Coupon	2.076172%
Average Life (years)	8.990
Weighted Average Maturity (years)	8.990
Duration of Issue (years)	8.189
Par Amount	37,015,000.00
Bond Proceeds	37,015,000.00
Total Interest	6,909,129.71
Net Interest	7,019,453.01
Total Debt Service	43,924,129.71
Maximum Annual Debt Service	5,545,339.50
Average Annual Debt Service	3,490,659.31
Underwriter's Fees (per \$1000)	
Average Takedown	2.000000
Other Fee	0.980502
Total Underwriter's Discount	2.980502
Bid Price	99.701950

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>	<i>PV of 1 bp change</i>
Uninsured	1,275,000.00	100.000	0.389%	0.913	105.75
Insured	35,740,000.00	100.000	2.082%	9.279	29,853.60
	37,015,000.00			8.990	29,959.35

	<i>TIC</i>	<i>All-In TIC</i>	<i>Arbitrage Yield</i>
Par Value	37,015,000.00	37,015,000.00	37,015,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-110,323.30	-110,323.30	
- Cost of Issuance Expense		-250,000.00	
- Other Amounts	-85,289.22	-85,289.22	-85,289.22
Target Value	36,819,387.48	36,569,387.48	36,929,710.78
Target Date	12/15/2021	12/15/2021	12/15/2021
Yield	2.135561%	2.219710%	2.098649%

DISCLAIMER

Niagara Falls Public Water Authority Taxable_Uniform

Although this information has been obtained from sources which we believe to be reliable, we do not guarantee its accuracy, and it may be incomplete or condensed. This is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. All herein listed securities are subject to availability and change in price. Past performance is not indicative of future results, and changes in any assumptions may have a material effect on projected results. Ratings on all securities are subject to change.

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Taxable Refunding
Upfront Savings

SOURCES AND USES OF FUNDS

Niagara Falls Public Water Authority Taxable_Upfront

Dated Date 12/15/2021
Delivery Date 12/15/2021

Sources:	<i>Taxable Refunding</i>
Bond Proceeds:	
Par Amount	37,015,000.00
	37,015,000.00

Uses:	<i>Taxable Refunding</i>
Refunding Escrow Deposits:	
Cash Deposit	36,565,775.00
Cost of Issuance:	
Cost of Issuance	250,000.00
Delivery Date Expenses:	
Underwriter's Discount	110,323.30
Bond Insurance	88,718.38
	199,041.68
Other Uses of Funds:	
Contingency	183.32
	37,015,000.00

SUMMARY OF REFUNDING RESULTS

Niagara Falls Public Water Authority Taxable_Upfront

Dated Date	12/15/2021
Delivery Date	12/15/2021
Arbitrage yield	2.115690%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	37,015,000.00
True Interest Cost	2.150764%
Net Interest Cost	2.123599%
All-In TIC	2.230701%
Average Coupon	2.092171%
Average Life	9.484
Weighted Average Maturity	9.484
Par amount of refunded bonds	33,635,000.00
Average coupon of refunded bonds	4.299605%
Average life of refunded bonds	9.598
Remaining weighted average maturity of refunded bonds	9.598
PV of prior debt to 12/15/2021 @ 2.115690%	40,570,164.81
Net PV Savings	3,644,066.51
Percentage savings of refunded bonds	10.834150%
Percentage savings of refunding bonds	9.844837%

SAVINGS

Niagara Falls Public Water Authority Taxable_Upfront

<i>Date</i>	<i>Prior Debt Service</i>	<i>Refunding Debt Service</i>	<i>Savings</i>
07/15/2022	1,465,387.50	437,650.21	1,027,737.29
07/15/2023	1,465,387.50	750,257.50	715,130.00
07/15/2024	2,065,387.50	750,257.50	1,315,130.00
07/15/2025	2,100,387.50	1,415,257.50	685,130.00
07/15/2026	2,102,137.50	2,097,676.50	4,461.00
07/15/2027	2,102,137.50	2,101,145.50	992.00
07/15/2028	2,105,387.50	2,100,658.00	4,729.50
07/15/2029	5,876,637.50	5,872,082.50	4,555.00
07/15/2030	5,877,387.50	5,873,991.50	3,396.00
07/15/2031	5,874,787.50	5,873,720.50	1,067.00
07/15/2032	5,869,587.50	5,865,965.00	3,622.50
07/15/2033	5,873,587.50	5,873,265.00	322.50
07/15/2034	5,348,025.00	5,347,265.00	760.00
	48,126,225.00	44,359,192.21	3,767,032.79

Savings Summary

Savings PV date	12/15/2021
Savings PV rate	2.115690%
PV of savings from cash flow	3,643,883.19
Plus: Refunding funds on hand	183.32
Net PV Savings	3,644,066.51

BOND PRICING

Niagara Falls Public Water Authority Taxable_Upfront

<i>Bond Component</i>	<i>Maturity Date</i>	<i>Amount</i>	<i>Rate</i>	<i>Yield</i>	<i>Price</i>
Insured:					
	07/15/2025	665,000	1.140%	1.140%	100.000
	07/15/2026	1,355,000	1.220%	1.220%	100.000
	07/15/2027	1,375,000	1.490%	1.490%	100.000
	07/15/2028	1,395,000	1.690%	1.690%	100.000
	07/15/2029	5,190,000	1.890%	1.890%	100.000
	07/15/2030	5,290,000	1.990%	1.990%	100.000
	07/15/2031	5,395,000	2.090%	2.090%	100.000
	07/15/2032	5,500,000	2.140%	2.140%	100.000
	07/15/2033	5,625,000	2.240%	2.240%	100.000
	07/15/2034	5,225,000	2.340%	2.340%	100.000
		37,015,000			

Dated Date	12/15/2021	
Delivery Date	12/15/2021	
First Coupon	01/15/2022	
Par Amount	37,015,000.00	
Original Issue Discount		
Production	37,015,000.00	100.000000%
Underwriter's Discount	-110,323.30	-0.298050%
Purchase Price	36,904,676.70	99.701950%
Accrued Interest		
Net Proceeds	36,904,676.70	

BOND DEBT SERVICE

Niagara Falls Public Water Authority Taxable_Upfront

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
07/15/2022			437,650.21	437,650.21
07/15/2023			750,257.50	750,257.50
07/15/2024			750,257.50	750,257.50
07/15/2025	665,000	1.140%	750,257.50	1,415,257.50
07/15/2026	1,355,000	1.220%	742,676.50	2,097,676.50
07/15/2027	1,375,000	1.490%	726,145.50	2,101,145.50
07/15/2028	1,395,000	1.690%	705,658.00	2,100,658.00
07/15/2029	5,190,000	1.890%	682,082.50	5,872,082.50
07/15/2030	5,290,000	1.990%	583,991.50	5,873,991.50
07/15/2031	5,395,000	2.090%	478,720.50	5,873,720.50
07/15/2032	5,500,000	2.140%	365,965.00	5,865,965.00
07/15/2033	5,625,000	2.240%	248,265.00	5,873,265.00
07/15/2034	5,225,000	2.340%	122,265.00	5,347,265.00
	37,015,000		7,344,192.21	44,359,192.21

BOND DEBT SERVICE

Niagara Falls Public Water Authority Taxable_Upfront

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
01/15/2022			62,521.46	62,521.46	
07/15/2022			375,128.75	375,128.75	437,650.21
01/15/2023			375,128.75	375,128.75	
07/15/2023			375,128.75	375,128.75	750,257.50
01/15/2024			375,128.75	375,128.75	
07/15/2024			375,128.75	375,128.75	750,257.50
01/15/2025			375,128.75	375,128.75	
07/15/2025	665,000	1.140%	375,128.75	1,040,128.75	1,415,257.50
01/15/2026			371,338.25	371,338.25	
07/15/2026	1,355,000	1.220%	371,338.25	1,726,338.25	2,097,676.50
01/15/2027			363,072.75	363,072.75	
07/15/2027	1,375,000	1.490%	363,072.75	1,738,072.75	2,101,145.50
01/15/2028			352,829.00	352,829.00	
07/15/2028	1,395,000	1.690%	352,829.00	1,747,829.00	2,100,658.00
01/15/2029			341,041.25	341,041.25	
07/15/2029	5,190,000	1.890%	341,041.25	5,531,041.25	5,872,082.50
01/15/2030			291,995.75	291,995.75	
07/15/2030	5,290,000	1.990%	291,995.75	5,581,995.75	5,873,991.50
01/15/2031			239,360.25	239,360.25	
07/15/2031	5,395,000	2.090%	239,360.25	5,634,360.25	5,873,720.50
01/15/2032			182,982.50	182,982.50	
07/15/2032	5,500,000	2.140%	182,982.50	5,682,982.50	5,865,965.00
01/15/2033			124,132.50	124,132.50	
07/15/2033	5,625,000	2.240%	124,132.50	5,749,132.50	5,873,265.00
01/15/2034			61,132.50	61,132.50	
07/15/2034	5,225,000	2.340%	61,132.50	5,286,132.50	5,347,265.00
	37,015,000		7,344,192.21	44,359,192.21	44,359,192.21

SUMMARY OF BONDS REFUNDED

Niagara Falls Public Water Authority Taxable_Upfront

<i>Bond</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Par Amount</i>	<i>Call Date</i>	<i>Call Price</i>
Series 2013 A, BOND:					
	07/15/2024	5.000%	600,000.00	07/15/2023	100.000
	07/15/2025	5.000%	665,000.00	07/15/2023	100.000
	07/15/2026	5.000%	700,000.00	07/15/2023	100.000
	07/15/2027	5.000%	735,000.00	07/15/2023	100.000
	07/15/2028	5.000%	775,000.00	07/15/2023	100.000
	07/15/2029	5.000%	4,585,000.00	07/15/2023	100.000
	07/15/2030	4.000%	4,815,000.00	07/15/2023	100.000
	07/15/2031	4.000%	5,005,000.00	07/15/2023	100.000
	07/15/2032	4.250%	5,200,000.00	07/15/2023	100.000
	07/15/2033	4.250%	5,425,000.00	07/15/2023	100.000
	07/15/2034	4.250%	5,130,000.00	07/15/2023	100.000
			33,635,000.00		

PRIOR BOND DEBT SERVICE

Niagara Falls Public Water Authority Taxable_Upfront

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
07/15/2022			1,465,387.50	1,465,387.50
07/15/2023			1,465,387.50	1,465,387.50
07/15/2024	600,000	5.000%	1,465,387.50	2,065,387.50
07/15/2025	665,000	5.000%	1,435,387.50	2,100,387.50
07/15/2026	700,000	5.000%	1,402,137.50	2,102,137.50
07/15/2027	735,000	5.000%	1,367,137.50	2,102,137.50
07/15/2028	775,000	5.000%	1,330,387.50	2,105,387.50
07/15/2029	4,585,000	5.000%	1,291,637.50	5,876,637.50
07/15/2030	4,815,000	4.000%	1,062,387.50	5,877,387.50
07/15/2031	5,005,000	4.000%	869,787.50	5,874,787.50
07/15/2032	5,200,000	4.250%	669,587.50	5,869,587.50
07/15/2033	5,425,000	4.250%	448,587.50	5,873,587.50
07/15/2034	5,130,000	4.250%	218,025.00	5,348,025.00
	33,635,000		14,491,225.00	48,126,225.00

ESCROW REQUIREMENTS

Niagara Falls Public Water Authority Taxable_Upfront

<i>Period Ending</i>	<i>Interest</i>	<i>Principal Redeemed</i>	<i>Total</i>
01/15/2022	732,693.75		732,693.75
07/15/2022	732,693.75		732,693.75
01/15/2023	732,693.75		732,693.75
07/15/2023	732,693.75	33,635,000.00	34,367,693.75
	2,930,775.00	33,635,000.00	36,565,775.00

UNDERWRITER'S DISCOUNT

Niagara Falls Public Water Authority Taxable_Upfront

<i>Underwriter's Discount</i>	<i>\$/1000</i>	<i>Amount</i>
Average Takedown	2.00000	74,030.00
Underwriters Counsel	0.81048	30,000.00
CUSIP	0.01416	524.00
DTC	0.03512	1,300.00
Continuing Disclosure	0.01216	450.00
IPREO (Sole Managed)	0.06730	2,491.11
IPREO (EEO/Wire)	0.01351	500.00
Fed Funds	0.02778	1,028.19
	2.98050	110,323.30

DETAILED BOND DEBT SERVICE

Niagara Falls Public Water Authority Taxable Refunding

Insured

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
07/15/2022			437,650.21	437,650.21
07/15/2023			750,257.50	750,257.50
07/15/2024			750,257.50	750,257.50
07/15/2025	665,000	1.140%	750,257.50	1,415,257.50
07/15/2026	1,355,000	1.220%	742,676.50	2,097,676.50
07/15/2027	1,375,000	1.490%	726,145.50	2,101,145.50
07/15/2028	1,395,000	1.690%	705,658.00	2,100,658.00
07/15/2029	5,190,000	1.890%	682,082.50	5,872,082.50
07/15/2030	5,290,000	1.990%	583,991.50	5,873,991.50
07/15/2031	5,395,000	2.090%	478,720.50	5,873,720.50
07/15/2032	5,500,000	2.140%	365,965.00	5,865,965.00
07/15/2033	5,625,000	2.240%	248,265.00	5,873,265.00
07/15/2034	5,225,000	2.340%	122,265.00	5,347,265.00
	37,015,000		7,344,192.21	44,359,192.21

BOND SUMMARY STATISTICS

Niagara Falls Public Water Authority Taxable_Upfront

Dated Date	12/15/2021
Delivery Date	12/15/2021
Last Maturity	07/15/2034
Arbitrage Yield	2.115690%
True Interest Cost (TIC)	2.150764%
Net Interest Cost (NIC)	2.123599%
All-In TIC	2.230701%
Average Coupon	2.092171%
Average Life (years)	9.484
Weighted Average Maturity (years)	9.484
Duration of Issue (years)	8.621
Par Amount	37,015,000.00
Bond Proceeds	37,015,000.00
Total Interest	7,344,192.21
Net Interest	7,454,515.51
Total Debt Service	44,359,192.21
Maximum Annual Debt Service	5,873,991.50
Average Annual Debt Service	3,525,233.82
Underwriter's Fees (per \$1000)	
Average Takedown	2.000000
Other Fee	0.980502
Total Underwriter's Discount	2.980502
Bid Price	99.701950

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>	<i>PV of 1 bp change</i>
Insured	37,015,000.00	100.000	2.092%	9.484	31,586.10
	37,015,000.00			9.484	31,586.10

	<i>TIC</i>	<i>All-In TIC</i>	<i>Arbitrage Yield</i>
Par Value	37,015,000.00	37,015,000.00	37,015,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-110,323.30	-110,323.30	
- Cost of Issuance Expense		-250,000.00	
- Other Amounts	-88,718.38	-88,718.38	-88,718.38
Target Value	36,815,958.32	36,565,958.32	36,926,281.62
Target Date	12/15/2021	12/15/2021	12/15/2021
Yield	2.150764%	2.230701%	2.115690%

DISCLAIMER

Niagara Falls Public Water Authority Taxable_Upfront

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Forward Delivery Refunding
Uniform Savings

SOURCES AND USES OF FUNDS

Niagara Falls Public Water Authority Forward_Uniform

Dated Date 04/17/2023
Delivery Date 04/17/2023

Sources:	Forward Refunding
Bond Proceeds:	
Par Amount	29,825,000.00
Premium	4,981,084.55
	34,806,084.55

Uses:	Forward Refunding
Refunding Escrow Deposits:	
Cash Deposit	34,367,693.75
Cost of Issuance:	
Cost of Issuance	250,000.00
Delivery Date Expenses:	
Underwriter's Discount	105,259.69
Bond Insurance	82,153.37
	187,413.06
Other Uses of Funds:	
Contingency	977.74
	34,806,084.55

SUMMARY OF REFUNDING RESULTS

Niagara Falls Public Water Authority Forward_Uniform

Dated Date	04/17/2023
Delivery Date	04/17/2023
Arbitrage yield	2.081300%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	29,825,000.00
True Interest Cost	2.831871%
Net Interest Cost	3.065115%
All-In TIC	2.935431%
Average Coupon	5.000000%
Average Life	8.449
Weighted Average Maturity	8.470
Par amount of refunded bonds	33,635,000.00
Average coupon of refunded bonds	4.290344%
Average life of refunded bonds	8.259
Remaining weighted average maturity of refunded bonds	8.259
PV of prior debt to 12/15/2021 @ 2.081300%	38,508,920.27
Net PV Savings	3,007,584.79
Percentage savings of refunded bonds	8.941831%
Percentage savings of refunding bonds	10.084107%

SAVINGS

Niagara Falls Public Water Authority Forward_Uniform

<i>Date</i>	<i>Prior Debt Service</i>	<i>Refunding Debt Service</i>	<i>Savings</i>
07/15/2023	732,693.75	654,527.78	78,165.97
07/15/2024	2,065,387.50	1,751,750.00	313,637.50
07/15/2025	2,100,387.50	1,788,000.00	312,387.50
07/15/2026	2,102,137.50	1,791,750.00	310,387.50
07/15/2027	2,102,137.50	1,789,500.00	312,637.50
07/15/2028	2,105,387.50	1,796,500.00	308,887.50
07/15/2029	5,876,637.50	5,567,250.00	309,387.50
07/15/2030	5,877,387.50	5,563,500.00	313,887.50
07/15/2031	5,874,787.50	5,564,500.00	310,287.50
07/15/2032	5,869,587.50	5,559,500.00	310,087.50
07/15/2033	5,873,587.50	5,563,250.00	310,337.50
07/15/2034	5,348,025.00	5,034,750.00	313,275.00
	45,928,143.75	42,424,777.78	3,503,365.97

Savings Summary

<i>Deliv Date</i>	<i>Refunding Funds on Hand</i>	<i>Total</i>	<i>Present Value to 12/15/2021 @ 2.0813002%</i>
04/17/2023	977.74	977.74	951.01
			951.01

Savings PV date	12/15/2021
Savings PV rate	2.081300%
PV of savings from cash flow	3,006,633.79
Adjustments	951.01
Net PV Savings	3,007,584.79

BOND PRICING

Niagara Falls Public Water Authority Forward_Uniform

<i>Bond Component</i>	<i>Maturity Date</i>	<i>Amount</i>	<i>Rate</i>	<i>Yield</i>	<i>Price</i>	<i>Yield to Maturity</i>	<i>Call Date for Arb Yield</i>	<i>Call Price for Arb Yield</i>	<i>Premium (-Discount)</i>
Uninsured:									
	07/15/2023	290,000	5.000%	0.990%	100.974				2,824.60
	07/15/2024	275,000	5.000%	1.100%	104.805				13,213.75
	07/15/2025	325,000	5.000%	1.320%	108.110				26,357.50
	07/15/2026	345,000	5.000%	1.480%	111.108				38,322.60
		<u>1,235,000</u>							<u>80,718.45</u>
Insured:									
	07/15/2027	360,000	5.000%	1.600%	113.895				50,022.00
	07/15/2028	385,000	5.000%	1.750%	116.215				62,427.75
	07/15/2029	4,175,000	5.000%	1.890%	118.234				761,269.50
	07/15/2030	4,380,000	5.000%	2.010%	117.461 C	2.363%	07/15/2029	100.000	764,791.80
	07/15/2031	4,600,000	5.000%	2.010%	117.461 C	2.630%	07/15/2029	100.000	803,206.00
	07/15/2032	4,825,000	5.000%	2.070%	117.077 C	2.882%	07/15/2029	100.000	823,965.25
	07/15/2033	5,070,000	5.000%	2.130%	116.694 C	3.086%	07/15/2029	100.000	846,385.80
	07/15/2034	4,795,000	5.000%	2.170%	116.440 C	3.243%	07/15/2029	100.000	788,298.00
		<u>28,590,000</u>							<u>4,900,366.10</u>
		29,825,000							4,981,084.55

Dated Date	04/17/2023	
Delivery Date	04/17/2023	
First Coupon	07/15/2023	
Par Amount	29,825,000.00	
Premium	4,981,084.55	
Production	34,806,084.55	116.701038%
Underwriter's Discount	-105,259.69	-0.352924%
Purchase Price	34,700,824.86	116.348114%
Accrued Interest		
Net Proceeds	34,700,824.86	

BOND DEBT SERVICE

Niagara Falls Public Water Authority Forward_Uniform

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
07/15/2023	290,000	5.000%	364,527.78	654,527.78
07/15/2024	275,000	5.000%	1,476,750.00	1,751,750.00
07/15/2025	325,000	5.000%	1,463,000.00	1,788,000.00
07/15/2026	345,000	5.000%	1,446,750.00	1,791,750.00
07/15/2027	360,000	5.000%	1,429,500.00	1,789,500.00
07/15/2028	385,000	5.000%	1,411,500.00	1,796,500.00
07/15/2029	4,175,000	5.000%	1,392,250.00	5,567,250.00
07/15/2030	4,380,000	5.000%	1,183,500.00	5,563,500.00
07/15/2031	4,600,000	5.000%	964,500.00	5,564,500.00
07/15/2032	4,825,000	5.000%	734,500.00	5,559,500.00
07/15/2033	5,070,000	5.000%	493,250.00	5,563,250.00
07/15/2034	4,795,000	5.000%	239,750.00	5,034,750.00
	29,825,000		12,599,777.78	42,424,777.78

BOND DEBT SERVICE

Niagara Falls Public Water Authority Forward_Uniform

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
07/15/2023	290,000	5.000%	364,527.78	654,527.78	654,527.78
01/15/2024			738,375.00	738,375.00	
07/15/2024	275,000	5.000%	738,375.00	1,013,375.00	1,751,750.00
01/15/2025			731,500.00	731,500.00	
07/15/2025	325,000	5.000%	731,500.00	1,056,500.00	1,788,000.00
01/15/2026			723,375.00	723,375.00	
07/15/2026	345,000	5.000%	723,375.00	1,068,375.00	1,791,750.00
01/15/2027			714,750.00	714,750.00	
07/15/2027	360,000	5.000%	714,750.00	1,074,750.00	1,789,500.00
01/15/2028			705,750.00	705,750.00	
07/15/2028	385,000	5.000%	705,750.00	1,090,750.00	1,796,500.00
01/15/2029			696,125.00	696,125.00	
07/15/2029	4,175,000	5.000%	696,125.00	4,871,125.00	5,567,250.00
01/15/2030			591,750.00	591,750.00	
07/15/2030	4,380,000	5.000%	591,750.00	4,971,750.00	5,563,500.00
01/15/2031			482,250.00	482,250.00	
07/15/2031	4,600,000	5.000%	482,250.00	5,082,250.00	5,564,500.00
01/15/2032			367,250.00	367,250.00	
07/15/2032	4,825,000	5.000%	367,250.00	5,192,250.00	5,559,500.00
01/15/2033			246,625.00	246,625.00	
07/15/2033	5,070,000	5.000%	246,625.00	5,316,625.00	5,563,250.00
01/15/2034			119,875.00	119,875.00	
07/15/2034	4,795,000	5.000%	119,875.00	4,914,875.00	5,034,750.00
	29,825,000		12,599,777.78	42,424,777.78	42,424,777.78

SUMMARY OF BONDS REFUNDED

Niagara Falls Public Water Authority Forward_Uniform

<i>Bond</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Par Amount</i>	<i>Call Date</i>	<i>Call Price</i>
Series 2013 A, BOND:					
	07/15/2024	5.000%	600,000.00	07/15/2023	100.000
	07/15/2025	5.000%	665,000.00	07/15/2023	100.000
	07/15/2026	5.000%	700,000.00	07/15/2023	100.000
	07/15/2027	5.000%	735,000.00	07/15/2023	100.000
	07/15/2028	5.000%	775,000.00	07/15/2023	100.000
	07/15/2029	5.000%	4,585,000.00	07/15/2023	100.000
	07/15/2030	4.000%	4,815,000.00	07/15/2023	100.000
	07/15/2031	4.000%	5,005,000.00	07/15/2023	100.000
	07/15/2032	4.250%	5,200,000.00	07/15/2023	100.000
	07/15/2033	4.250%	5,425,000.00	07/15/2023	100.000
	07/15/2034	4.250%	5,130,000.00	07/15/2023	100.000
			33,635,000.00		

PRIOR BOND DEBT SERVICE

Niagara Falls Public Water Authority Forward_Uniform

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
07/15/2023			732,693.75	732,693.75
07/15/2024	600,000	5.000%	1,465,387.50	2,065,387.50
07/15/2025	665,000	5.000%	1,435,387.50	2,100,387.50
07/15/2026	700,000	5.000%	1,402,137.50	2,102,137.50
07/15/2027	735,000	5.000%	1,367,137.50	2,102,137.50
07/15/2028	775,000	5.000%	1,330,387.50	2,105,387.50
07/15/2029	4,585,000	5.000%	1,291,637.50	5,876,637.50
07/15/2030	4,815,000	4.000%	1,062,387.50	5,877,387.50
07/15/2031	5,005,000	4.000%	869,787.50	5,874,787.50
07/15/2032	5,200,000	4.250%	669,587.50	5,869,587.50
07/15/2033	5,425,000	4.250%	448,587.50	5,873,587.50
07/15/2034	5,130,000	4.250%	218,025.00	5,348,025.00
	33,635,000		12,293,143.75	45,928,143.75

ESCROW REQUIREMENTS

Niagara Falls Public Water Authority Forward_Uniform

<i>Period Ending</i>	<i>Interest</i>	<i>Principal Redeemed</i>	<i>Total</i>
07/15/2023	732,693.75	33,635,000.00	34,367,693.75
	732,693.75	33,635,000.00	34,367,693.75

UNDERWRITER'S DISCOUNT

Niagara Falls Public Water Authority Forward_Uniform

<i>Underwriter's Discount</i>	<i>\$/1000</i>	<i>Amount</i>
Average Takedown	2.00000	59,650.00
Underwriters Counsel	1.34116	40,000.00
CUSIP	0.01757	524.00
DTC	0.04359	1,300.00
Continuing Disclosure	0.01509	450.00
IPREO (Sole Managed)	0.06730	2,007.22
IPREO (EEO/Wire)	0.01676	500.00
Fed Funds	0.02778	828.47
	3.52924	105,259.69

DETAILED BOND DEBT SERVICE

Niagara Falls Public Water Authority Forward Refunding

Uninsured

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
07/15/2023	290,000	5.000%	15,094.44	305,094.44
07/15/2024	275,000	5.000%	47,250.00	322,250.00
07/15/2025	325,000	5.000%	33,500.00	358,500.00
07/15/2026	345,000	5.000%	17,250.00	362,250.00
	1,235,000		113,094.44	1,348,094.44

DETAILED BOND DEBT SERVICE

Niagara Falls Public Water Authority Forward Refunding

Insured

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
07/15/2023			349,433.33	349,433.33
07/15/2024			1,429,500.00	1,429,500.00
07/15/2025			1,429,500.00	1,429,500.00
07/15/2026			1,429,500.00	1,429,500.00
07/15/2027	360,000	5.000%	1,429,500.00	1,789,500.00
07/15/2028	385,000	5.000%	1,411,500.00	1,796,500.00
07/15/2029	4,175,000	5.000%	1,392,250.00	5,567,250.00
07/15/2030	4,380,000	5.000%	1,183,500.00	5,563,500.00
07/15/2031	4,600,000	5.000%	964,500.00	5,564,500.00
07/15/2032	4,825,000	5.000%	734,500.00	5,559,500.00
07/15/2033	5,070,000	5.000%	493,250.00	5,563,250.00
07/15/2034	4,795,000	5.000%	239,750.00	5,034,750.00
	28,590,000		12,486,683.33	41,076,683.33

BOND SUMMARY STATISTICS

Niagara Falls Public Water Authority Forward_Uniform

Dated Date	04/17/2023
Delivery Date	04/17/2023
Last Maturity	07/15/2034
Arbitrage Yield	2.081300%
True Interest Cost (TIC)	2.831871%
Net Interest Cost (NIC)	3.065115%
All-In TIC	2.935431%
Average Coupon	5.000000%
Average Life (years)	8.449
Weighted Average Maturity (years)	8.470
Duration of Issue (years)	7.104
Par Amount	29,825,000.00
Bond Proceeds	34,806,084.55
Total Interest	12,599,777.78
Net Interest	7,723,952.92
Total Debt Service	42,424,777.78
Maximum Annual Debt Service	5,567,250.00
Average Annual Debt Service	3,772,954.55
Underwriter's Fees (per \$1000)	
Average Takedown	2.000000
Other Fee	1.529244
Total Underwriter's Discount	3.529244
Bid Price	116.348114

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>	<i>PV of 1 bp change</i>
Uninsured	1,235,000.00	106.536	5.000%	1.831	236.85
Insured	28,590,000.00	117.140	5.000%	8.735	18,232.70
	29,825,000.00			8.449	18,469.55

	<i>TIC</i>	<i>All-In TIC</i>	<i>Arbitrage Yield</i>
Par Value	29,825,000.00	29,825,000.00	29,825,000.00
+ Accrued Interest			
+ Premium (Discount)	4,981,084.55	4,981,084.55	4,981,084.55
- Underwriter's Discount	-105,259.69	-105,259.69	
- Cost of Issuance Expense		-250,000.00	
- Other Amounts	-82,153.37	-82,153.37	-82,153.37
Target Value	34,618,671.49	34,368,671.49	34,723,931.18
Target Date	04/17/2023	04/17/2023	04/17/2023
Yield	2.831871%	2.935431%	2.081300%

DISCLAIMER

Niagara Falls Public Water Authority Forward_Uniform

Although this information has been obtained from sources which we believe to be reliable, we do not guarantee its accuracy, and it may be incomplete or condensed. This is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. All herein listed securities are subject to availability and change in price. Past performance is not indicative of future results, and changes in any assumptions may have a material effect on projected results. Ratings on all securities are subject to change.

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Forward Delivery Refunding
Upfront Savings

SOURCES AND USES OF FUNDS

Niagara Falls Public Water Authority Forward_Upfront

Dated Date 04/17/2023
Delivery Date 04/17/2023

Sources:	Forward Refunding
Bond Proceeds:	
Par Amount	29,705,000.00
Premium	5,104,678.30
	34,809,678.30

Uses:	Forward Refunding
Refunding Escrow Deposits:	
Cash Deposit	34,367,693.75
Cost of Issuance:	
Cost of Issuance	250,000.00
Delivery Date Expenses:	
Underwriter's Discount	105,008.29
Bond Insurance	85,575.62
	190,583.91
Other Uses of Funds:	
Contingency	1,400.64
	34,809,678.30

SUMMARY OF REFUNDING RESULTS

Niagara Falls Public Water Authority Forward_Upfront

Dated Date	04/17/2023
Delivery Date	04/17/2023
Arbitrage yield	2.095402%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	29,705,000.00
True Interest Cost	2.854234%
Net Interest Cost	3.089222%
All-In TIC	2.954200%
Average Coupon	5.000000%
Average Life	8.808
Weighted Average Maturity	8.801
Par amount of refunded bonds	33,635,000.00
Average coupon of refunded bonds	4.290344%
Average life of refunded bonds	8.259
Remaining weighted average maturity of refunded bonds	8.259
PV of prior debt to 12/15/2021 @ 2.095402%	38,463,730.46
Net PV Savings	2,881,227.77
Percentage savings of refunded bonds	8.566160%
Percentage savings of refunding bonds	9.699471%

SAVINGS

Niagara Falls Public Water Authority Forward_Upfront

<i>Date</i>	<i>Prior Debt Service</i>	<i>Refunding Debt Service</i>	<i>Savings</i>
07/15/2023	732,693.75	363,061.11	369,632.64
07/15/2024	2,065,387.50	1,485,250.00	580,137.50
07/15/2025	2,100,387.50	1,485,250.00	615,137.50
07/15/2026	2,102,137.50	1,485,250.00	616,887.50
07/15/2027	2,102,137.50	1,485,250.00	616,887.50
07/15/2028	2,105,387.50	1,775,250.00	330,137.50
07/15/2029	5,876,637.50	5,875,750.00	887.50
07/15/2030	5,877,387.50	5,875,500.00	1,887.50
07/15/2031	5,874,787.50	5,874,250.00	537.50
07/15/2032	5,869,587.50	5,866,500.00	3,087.50
07/15/2033	5,873,587.50	5,872,000.00	1,587.50
07/15/2034	5,348,025.00	5,344,500.00	3,525.00
	45,928,143.75	42,787,811.11	3,140,332.64

Savings Summary

<i>Deliv Date</i>	<i>Refunding Funds on Hand</i>	<i>Total</i>	<i>Present Value to 12/15/2021 @ 2.0954017%</i>
04/17/2023	1,400.64	1,400.64	1,362.09
			1,362.09

Savings PV date	12/15/2021
Savings PV rate	2.095402%
PV of savings from cash flow	2,879,865.68
Adjustments	1,362.09
Net PV Savings	2,881,227.77

BOND PRICING

Niagara Falls Public Water Authority Forward_Upfront

<i>Bond Component</i>	<i>Maturity Date</i>	<i>Amount</i>	<i>Rate</i>	<i>Yield</i>	<i>Price</i>	<i>Yield to Maturity</i>	<i>Call Date for Arb Yield</i>	<i>Call Price for Arb Yield</i>	<i>Premium (-Discount)</i>
Insured:									
	07/15/2028	290,000	5.000%	1.750%	116.215				47,023.50
	07/15/2029	4,405,000	5.000%	1.890%	118.234				803,207.70
	07/15/2030	4,625,000	5.000%	2.010%	117.461 C	2.363%	07/15/2029	100.000	807,571.25
	07/15/2031	4,855,000	5.000%	2.010%	117.461 C	2.630%	07/15/2029	100.000	847,731.55
	07/15/2032	5,090,000	5.000%	2.070%	117.077 C	2.882%	07/15/2029	100.000	869,219.30
	07/15/2033	5,350,000	5.000%	2.130%	116.694 C	3.086%	07/15/2029	100.000	893,129.00
	07/15/2034	5,090,000	5.000%	2.170%	116.440 C	3.243%	07/15/2029	100.000	836,796.00
		29,705,000							5,104,678.30

Dated Date	04/17/2023	
Delivery Date	04/17/2023	
First Coupon	07/15/2023	
Par Amount	29,705,000.00	
Premium	5,104,678.30	
Production	34,809,678.30	117.184576%
Underwriter's Discount	-105,008.29	-0.353504%
Purchase Price	34,704,670.01	116.831072%
Accrued Interest		
Net Proceeds	34,704,670.01	

BOND DEBT SERVICE

Niagara Falls Public Water Authority Forward_Upfront

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
07/15/2023			363,061.11	363,061.11
07/15/2024			1,485,250.00	1,485,250.00
07/15/2025			1,485,250.00	1,485,250.00
07/15/2026			1,485,250.00	1,485,250.00
07/15/2027			1,485,250.00	1,485,250.00
07/15/2028	290,000	5.000%	1,485,250.00	1,775,250.00
07/15/2029	4,405,000	5.000%	1,470,750.00	5,875,750.00
07/15/2030	4,625,000	5.000%	1,250,500.00	5,875,500.00
07/15/2031	4,855,000	5.000%	1,019,250.00	5,874,250.00
07/15/2032	5,090,000	5.000%	776,500.00	5,866,500.00
07/15/2033	5,350,000	5.000%	522,000.00	5,872,000.00
07/15/2034	5,090,000	5.000%	254,500.00	5,344,500.00
	29,705,000		13,082,811.11	42,787,811.11

BOND DEBT SERVICE

Niagara Falls Public Water Authority Forward_Upfront

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
07/15/2023			363,061.11	363,061.11	363,061.11
01/15/2024			742,625.00	742,625.00	
07/15/2024			742,625.00	742,625.00	1,485,250.00
01/15/2025			742,625.00	742,625.00	
07/15/2025			742,625.00	742,625.00	1,485,250.00
01/15/2026			742,625.00	742,625.00	
07/15/2026			742,625.00	742,625.00	1,485,250.00
01/15/2027			742,625.00	742,625.00	
07/15/2027			742,625.00	742,625.00	1,485,250.00
01/15/2028			742,625.00	742,625.00	
07/15/2028	290,000	5.000%	742,625.00	1,032,625.00	1,775,250.00
01/15/2029			735,375.00	735,375.00	
07/15/2029	4,405,000	5.000%	735,375.00	5,140,375.00	5,875,750.00
01/15/2030			625,250.00	625,250.00	
07/15/2030	4,625,000	5.000%	625,250.00	5,250,250.00	5,875,500.00
01/15/2031			509,625.00	509,625.00	
07/15/2031	4,855,000	5.000%	509,625.00	5,364,625.00	5,874,250.00
01/15/2032			388,250.00	388,250.00	
07/15/2032	5,090,000	5.000%	388,250.00	5,478,250.00	5,866,500.00
01/15/2033			261,000.00	261,000.00	
07/15/2033	5,350,000	5.000%	261,000.00	5,611,000.00	5,872,000.00
01/15/2034			127,250.00	127,250.00	
07/15/2034	5,090,000	5.000%	127,250.00	5,217,250.00	5,344,500.00
	29,705,000		13,082,811.11	42,787,811.11	42,787,811.11

SUMMARY OF BONDS REFUNDED

Niagara Falls Public Water Authority Forward_Upfront

<i>Bond</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Par Amount</i>	<i>Call Date</i>	<i>Call Price</i>
Series 2013 A, BOND:					
	07/15/2024	5.000%	600,000.00	07/15/2023	100.000
	07/15/2025	5.000%	665,000.00	07/15/2023	100.000
	07/15/2026	5.000%	700,000.00	07/15/2023	100.000
	07/15/2027	5.000%	735,000.00	07/15/2023	100.000
	07/15/2028	5.000%	775,000.00	07/15/2023	100.000
	07/15/2029	5.000%	4,585,000.00	07/15/2023	100.000
	07/15/2030	4.000%	4,815,000.00	07/15/2023	100.000
	07/15/2031	4.000%	5,005,000.00	07/15/2023	100.000
	07/15/2032	4.250%	5,200,000.00	07/15/2023	100.000
	07/15/2033	4.250%	5,425,000.00	07/15/2023	100.000
	07/15/2034	4.250%	5,130,000.00	07/15/2023	100.000
			33,635,000.00		

PRIOR BOND DEBT SERVICE

Niagara Falls Public Water Authority Forward_Upfront

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
07/15/2023			732,693.75	732,693.75
07/15/2024	600,000	5.000%	1,465,387.50	2,065,387.50
07/15/2025	665,000	5.000%	1,435,387.50	2,100,387.50
07/15/2026	700,000	5.000%	1,402,137.50	2,102,137.50
07/15/2027	735,000	5.000%	1,367,137.50	2,102,137.50
07/15/2028	775,000	5.000%	1,330,387.50	2,105,387.50
07/15/2029	4,585,000	5.000%	1,291,637.50	5,876,637.50
07/15/2030	4,815,000	4.000%	1,062,387.50	5,877,387.50
07/15/2031	5,005,000	4.000%	869,787.50	5,874,787.50
07/15/2032	5,200,000	4.250%	669,587.50	5,869,587.50
07/15/2033	5,425,000	4.250%	448,587.50	5,873,587.50
07/15/2034	5,130,000	4.250%	218,025.00	5,348,025.00
	33,635,000		12,293,143.75	45,928,143.75

ESCROW REQUIREMENTS

Niagara Falls Public Water Authority Forward_Upfront

<i>Period Ending</i>	<i>Interest</i>	<i>Principal Redeemed</i>	<i>Total</i>
07/15/2023	732,693.75	33,635,000.00	34,367,693.75
	732,693.75	33,635,000.00	34,367,693.75

UNDERWRITER'S DISCOUNT

Niagara Falls Public Water Authority Forward_Upfront

<i>Underwriter's Discount</i>	<i>\$/1000</i>	<i>Amount</i>
Average Takedown	2.00000	59,410.00
Underwriters Counsel	1.34657	40,000.00
CUSIP	0.01764	524.00
DTC	0.04376	1,300.00
Continuing Disclosure	0.01515	450.00
IPREO (Sole Managed)	0.06730	1,999.15
IPREO (EEO/Wire)	0.01683	500.00
Fed Funds	0.02778	825.14
	3.53504	105,008.29

DETAILED BOND DEBT SERVICE

Niagara Falls Public Water Authority Forward Refunding

Insured

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
07/15/2023			363,061.11	363,061.11
07/15/2024			1,485,250.00	1,485,250.00
07/15/2025			1,485,250.00	1,485,250.00
07/15/2026			1,485,250.00	1,485,250.00
07/15/2027			1,485,250.00	1,485,250.00
07/15/2028	290,000	5.000%	1,485,250.00	1,775,250.00
07/15/2029	4,405,000	5.000%	1,470,750.00	5,875,750.00
07/15/2030	4,625,000	5.000%	1,250,500.00	5,875,500.00
07/15/2031	4,855,000	5.000%	1,019,250.00	5,874,250.00
07/15/2032	5,090,000	5.000%	776,500.00	5,866,500.00
07/15/2033	5,350,000	5.000%	522,000.00	5,872,000.00
07/15/2034	5,090,000	5.000%	254,500.00	5,344,500.00
	29,705,000		13,082,811.11	42,787,811.11

BOND SUMMARY STATISTICS

Niagara Falls Public Water Authority Forward_Upfront

Dated Date	04/17/2023
Delivery Date	04/17/2023
Last Maturity	07/15/2034
Arbitrage Yield	2.095402%
True Interest Cost (TIC)	2.854234%
Net Interest Cost (NIC)	3.089222%
All-In TIC	2.954200%
Average Coupon	5.000000%
Average Life (years)	8.808
Weighted Average Maturity (years)	8.801
Duration of Issue (years)	7.360
Par Amount	29,705,000.00
Bond Proceeds	34,809,678.30
Total Interest	13,082,811.11
Net Interest	8,083,141.10
Total Debt Service	42,787,811.11
Maximum Annual Debt Service	5,875,750.00
Average Annual Debt Service	3,805,240.12
Underwriter's Fees (per \$1000)	
Average Takedown	2.000000
Other Fee	1.535038
Total Underwriter's Discount	3.535038
Bid Price	116.831072

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>	<i>PV of 1 bp change</i>
Insured	29,705,000.00	117.185	5.000%	8.808	19,029.15
	29,705,000.00			8.808	19,029.15

	<i>TIC</i>	<i>All-In TIC</i>	<i>Arbitrage Yield</i>
Par Value	29,705,000.00	29,705,000.00	29,705,000.00
+ Accrued Interest			
+ Premium (Discount)	5,104,678.30	5,104,678.30	5,104,678.30
- Underwriter's Discount	-105,008.29	-105,008.29	
- Cost of Issuance Expense		-250,000.00	
- Other Amounts	-85,575.62	-85,575.62	-85,575.62
Target Value	34,619,094.39	34,369,094.39	34,724,102.68
Target Date	04/17/2023	04/17/2023	04/17/2023
Yield	2.854234%	2.954200%	2.095402%

DISCLAIMER

Niagara Falls Public Water Authority Forward_Upfront

Although this information has been obtained from sources which we believe to be reliable, we do not guarantee its accuracy, and it may be incomplete or condensed. This is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. All herein listed securities are subject to availability and change in price. Past performance is not indicative of future results, and changes in any assumptions may have a material effect on projected results. Ratings on all securities are subject to change.

FHN Financial Capital Markets, FHN Financial Portfolio Advisors, and FHN Financial Municipal Advisors are divisions of First Horizon Bank. FHN Financial Securities Corp., FHN Financial Main Street Advisors, LLC, and FHN Financial Capital Assets Corp. are wholly owned subsidiaries of First Horizon Bank. FHN Financial Securities Corp. is a member of FINRA and SIPC - <http://www.sipc.org>.SIPC.

FHN Financial Municipal Advisors is a registered municipal advisor. FHN Financial Portfolio Advisors is a portfolio manager operating under the trust powers of First Horizon Bank. FHN Financial Main Street Advisors, LLC is a registered investment advisor. None of the other FHN entities, including FHN Financial Capital Markets, FHN Financial Securities Corp., or FHN Financial Capital Assets Corp. are acting as your advisor, and none owe a fiduciary duty under the securities laws to you, any municipal entity, or any obligated person with respect to, among other things, the information and material contained in this communication. Instead, these FHN entities are acting for their own interests. You should discuss any information or material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.

FHN Financial, through First Horizon Bank or its affiliates, offers investment products and services. Investment products are not FDIC insured, have no bank guarantee, and may lose value.

Appendix B:

Disclosure Forms

APPENDIX A, FORM No. 1

ACKNOWLEDGEMENT OF ADDENDA

RFP TITLE: RFP 2021-03: NFPWA Underwriter-Direct Purchaser
(Write the RFP No. and Title on the Line Above)

DIRECTIONS: Complete Part I or Part II, whichever is applicable.

PART I: LISTED BELOW ARE THE DATES OF ISSUE FOR EACH
ADDENDUM RECEIVED IN CONNECTION WITH THIS RFP:

ADDENDUM # 1: DATED _____, 20__

ADDENDUM # 2: DATED _____, 20__

ADDENDUM # 3: DATED _____, 20__

ADDENDUM # 4: DATED _____, 20__

ADDENDUM # 5: DATED _____, 20__

ADDENDUM # 6: DATED _____, 20__

PART II: MS__ INITIAL HERE IF NO ADDENDUM WAS RECEIVED IN
CONNECTION WITH THIS RFP INITIAL HERE

DATE: 10 / 20 / 2021

PROPOSER (SIGNATURE): Michael Solomon

PROPOSER (NAME): Michael Solomon

PROPOSER (FIRM): FHN Financial Capital Markets

APPENDIX A, FORM No. 2

CERTIFICATE OF NON-COLLUSION


Pursuant to New York State Public Authorities Law, Article 9, Title 4, Section 2878, the undersigned proposer hereby subscribes and affirms as true, under the penalties of perjury, the following statement of non-collusion:

By submission of this proposal, each proposer and each person signing on behalf of any proposer certifies, and in the case of a joint proposal each party thereto certifies as to its own organization, under penalty of perjury, that to the best of his/her knowledge and belief:

- (1) The prices in this proposal have been arrived at independently without collusion, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other proposer or with any competitor;
- (2) Unless otherwise required by law, the prices which have been quoted in this proposal have not been knowingly disclosed by the proposer and will not knowingly be disclosed by the proposer prior to opening, directly or indirectly, to any other proposer or to any competitor; and,
- (3) No attempt has been made or will be made by the proposer to induce any other person, partnership, or corporation to submit or not to submit a proposal for the purpose of restricting competition.

DATE: 10 / 19 / 2021

PROPOSER (SIGNATURE):

 _____

PROPOSER (NAME):

Michael Solomon

PROPOSER (FIRM):

FHN Financial Capital Markets

STATE OF Texas

)

) ss.:

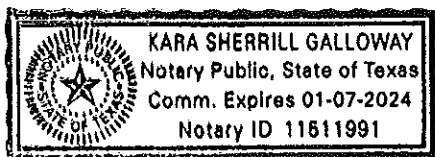
COUNTY OF Harris

)

On the 19th day of October, 2021, before me, the undersigned, a Notary Public in and for said state, personally appeared Michael Solomon as a representative of FHN Financial Capital Markets, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the entity on behalf of which the individual acted executed the instrument.

Kara Sherrill Galloway

Notary Public





APPENDIX A, FORM No. 3

NEW YORK STATE FINANCE LAW SECTIONS 139-j AND 139-k ("LOBBYING LAW") – DISCLOSURE STATEMENT

General Information

All procurements by the Niagara Falls Water Board ("NFWB") in excess of \$15,000 annually, are subject to New York State's State Finance Law Sections 139-j and 139-k, effective January 1, 2006 ("Lobbying Law").

Pursuant to the Lobbying Law, all "contacts" (defined as oral, written or electronic communications with the NFWB intended to influence a procurement) during a procurement - from the earliest notice of intent to solicit bids/proposals through final award and approval - must be made with one or more designated Point(s) of Contact only. Exceptions to this rule include written questions during the bid/proposal process, communications with regard to protests, contract negotiations, and RFP conference participation. Nothing in the Lobbying Law inhibits any rights to make an appeal, protest, or complaint under existing administrative or judicial procedures.

Violations of the policy regarding permissible contacts must be reported to the appropriate NFWB officer and investigated accordingly. The first violation may result in a determination of non-responsibility and ineligibility for award to the violator and its subsidiaries, affiliates and related entities. The penalty for a second violation within four (4) years is ineligibility for bidding/proposing on a procurement and/or ineligibility from being awarded any contract for a period of four (4) years. The NFWB will notify the New York State Office of General Services ("OGS") of any determinations of non-responsibility or debarments due to violations of the Lobbying Law. Violations found to be "knowing and willful" must be reported to the NFWB Executive Director and OGS.

Moreover, the statutes require the NFWB to obtain certain affirmations and certifications from bidders and proposers. This Disclosure Statement contains the forms with which offerors are required to comply, together with additional information and instructions.

Instructions

New York State Finance Law §139-k(2) obligates the NFWB to obtain specific information regarding prior non-responsibility determinations. In accordance with New York State Finance Law §139-k, an offerer must be asked to disclose whether there has been a finding of non-responsibility made within the previous four (4) years by any governmental entity due to: (a) a violation of New York State Finance Law §139-j or (b) the intentional provision of false or incomplete information to a governmental entity.

As part of its responsibility determination, New York State Finance Law §139-k(3) mandates consideration of whether an offerer fails to timely disclose accurate or complete information regarding the above non-responsibility determination. In accordance with law, no procurement contract shall be awarded to any offerer that fails to timely disclose accurate or complete information under this section, unless the factual elements of the limited waiver provision can be satisfied on the written record.

Disclosure of Prior Non-Responsibility Determinations

Name of Bidder/Proposer: FHN Financial Capital Markets

Address: 444 Madison Ave, 9th Floor, New York, NY 10022

Name and Title of Person

Submitting this Form: Michael Solomon, Managing Director - Public Finance

Has any governmental entity¹ made a finding of non-responsibility regarding the Bidder/Proposer in the previous four years?

____ Yes ☒ No

If yes: Was the basis for the finding of the Bidder's/Proposer's non-responsibility due to a violation of State Finance Law §139-j?

____ Yes ☒ No

Was the basis for the finding of Bidder's/Proposer's non-responsibility due to the intentional provision of false or incomplete information to a governmental entity?

____ Yes ☒ No

If yes to any of the above questions, provide details regarding the finding of non-responsibility below:

Governmental Entity: _____

Year of Finding of Non-responsibility: _____

Basis of Finding of Non-Responsibility (attach additional pages if necessary): _____

_____ **Yes** X **No**

If yes, provide details regarding the termination/withholding below:

Governmental Entity: _____

Basis for Termination/Withholding (attach additional pages if necessary):

Appendix A - Page | 8
NFPWA November 18, 2021 Agenda Packet - Page 206

NOTICE OF NFWB'S RIGHT TO TERMINATE

The NFWB reserves the right to terminate a Contract (including any lease, license, entry permit, or sale documents) in the event it is found that the certification filed by the Proposer, in accordance with New York State Finance Law §139-k, was intentionally false or intentionally incomplete. Upon such finding, the NFWB may exercise its termination right by providing written notification to the Bidder/Proposer in accordance with the written notification terms of the Contract.

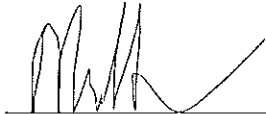
Proposer's Affirmation and Certification

By signing below, the Proposer:

- a) Affirms that the Proposer understands and agrees to comply with the policy regarding permissible contacts in accordance with New York State Finance Law Sections 139-j and 139-k.
- b) Certifies that all information provided to the NFWB with respect to New York State Finance Law §139-j and §139-k is complete, true and accurate.

DATE: 10 / 19 / 2021

PROPOSER (SIGNATURE):



PROPOSER (NAME):

Michael Solomon

PROPOSER (FIRM):

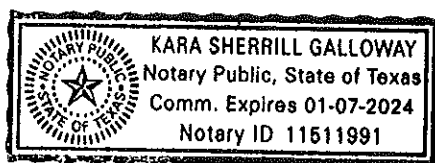
FHN Financial Capital Markets

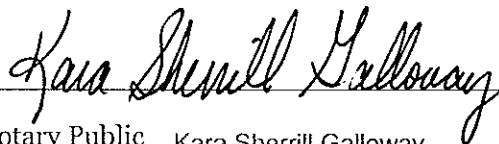
STATE OF Texas)

) ss.:

COUNTY OF Harris)

On the 19th day of October, 2021, before me, the undersigned, a Notary Public in and for said state, personally appeared Michael Solomon as a representative of FHN Financial Capital Markets, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the entity on behalf of which the individual acted executed the instrument.




Notary Public Kara Sherrill Galloway

APPENDIX A, FORM No. 4

EQUAL EMPLOYMENT OPPORTUNITY (“EEO”) POLICY STATEMENT AND AGREEMENT

Proposer hereby agrees to the following EEO policy with respect to its work on any contract awarded in connection with this RFP:

- a) This organization will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, age, disability or marital status, will undertake or continue existing programs of affirmative action to ensure that minority group members are afforded equal employment opportunities without discrimination, and shall make and document its conscientious and active efforts to employ and utilize minority group members and women in its work force on Niagara Falls Water Board (“Water Board”) contracts.
- b) This organization shall state in all solicitations or advertisements for employees that in the performance of the Water Board contract all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, disability or marital status.
- c) At the request of the Water Board, this organization shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, labor union, or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability or marital status and that such union or representative will affirmatively cooperate in the implementation of this organization’s obligations herein.
- d) This organization shall comply with the provisions of the Human Rights Law, all other State and Federal statutory and constitutional non-discrimination provisions. Proposer and subcontractors shall not discriminate against any employee or applicant for employment because of race, creed (religion), color, sex, national origin, sexual orientation, pregnancy or pregnancy-related conditions, gender identity, familial status, military status, age, disability, predisposing genetic characteristic, marital status or domestic violence victim status, and shall also follow the requirements of the Human Rights Law with regard to non-discrimination on the basis of prior criminal conviction and prior arrest.
- e) This organization will include the provisions of section (a) through (d) of this agreement in every subcontract in such a manner that the requirements of the subdivisions will be binding upon each subcontractor as to work in connection with the Water Board contract.

ACCEPTED AND AGREED:

DATE: 10 / 20 / 2021

PROPOSER (SIGNATURE): Michael Solomon

PROPOSER (NAME): Michael Solomon

PROPOSER (FIRM): FHN Financial Capital Markets


APPENDIX A, FORM No. 5

STATEMENT ON SEXUAL HARASSMENT
PURSUANT TO STATE FINANCE LAW § 139-1

By submission of this proposal, proposer(s) and each person signing on behalf of any proposer certifies, and in the case of a joint proposal each party thereto certifies as to its own organization, under penalty of perjury, that the proposer has and has implemented a written policy addressing sexual harassment prevention in the workplace and provides annual sexual harassment prevention training to all of its employees. Such policy shall, at a minimum, meet the requirements of section two hundred one-g of the labor law.

DATE: 10 / 19 / 2021

PROPOSER (SIGNATURE):



PROPOSER (NAME):

Michael Solomon

PROPOSER (FIRM):

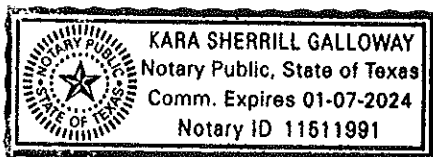
FHN Financial Capital Markets


STATE OF Texas)

) ss.:

COUNTY OF Harris)

On the 19th day of October, 2021, before me, the undersigned, a Notary Public in and for said state, personally appeared Michael Solomon as a representative of FHN Financial Capital Markets, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the entity on behalf of which the individual acted executed the instrument.




Notary Public Kara Sherrill Galloway

NIAGARA FALLS PUBLIC WATER AUTHORITY RESOLUTION # 2021-04

APPROVING THIRD AMENDMENT TO OPERATING AGREEMENT

WHEREAS, the Niagara Falls Water Board (“Water Board”), Niagara Falls Public Water Authority (“Authority”), and City of Niagara Falls (“City”) entered into an Operation Agreement dated April 1, 2003, which among other things established a procedure for the Water Board to make a payment in lieu of taxes to the City, for the City to provide certain services to the Water Board, and for the Water Board’s payment for those services; and

WHEREAS, to reflect the evolving relationship between the City and the Water Board, the Operation Agreement was amended on January 1, 2006 and September 26, 2008; and

WHEREAS, on December 30, 2020, the City provided the Water Board with notice that it intended to cease providing billing and collections and the other services it provides to the Water Board pursuant to the Operation Agreement; and

WHEREAS, the Water Board and City subsequently engaged in negotiations to address issues with the Operation Agreement that had developed since the last amendment in 2008, to update procedures for services provided under the Operation Agreement, and to make the Operation Agreement more accurately reflect the scope and cost of services provided by the City to the Water Board; and

WHEREAS, on September 27, 2021, by Resolution No. 2021-09-005, the Water Board authorized its Chairman to execute the Third Amendment to Operation Agreement; and

WHEREAS, as a party to the Operation Agreement, the Authority must approve amendments to that agreement, but does not have any direct involvement in the matters that are the subject of the Operation Agreement; and

WHEREAS, the Authority has reviewed the proposed Third Amendment to the Operation Agreement and finds no objection thereto;

* CONTINUED ON NEXT PAGE *

NOW THEREFORE BE IT

RESOLVED, that on behalf of the Niagara Falls Public Water Authority, its Chairman hereby is authorized to execute the Third Amendment to Operation Agreement that is attached to Niagara Falls Water Board Resolution No. 2021-09-005.

On November 18, 2021, the question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	Yes	No	Abstain	Absent
Michael Monaco	[]	[]	[]	[]
Daniel Weiss	[]	[]	[]	[]
Jason Murgia	[]	[]	[]	[]

Signed By:

Vote Witnessed By:

Jason Murgia, Chairperson

Sean W. Costello, Secretary to the Board

APPROVING THIRD AMENDMENT TO OPERATION AGREEMENT WITH CITY

WHEREAS, the Niagara Falls Water Board ("Water Board"), Niagara Falls Public Water Authority ("Authority"), and City of Niagara Falls ("City") entered into an Operation Agreement dated April 1, 2003, which among other things established a procedure for the Water Board to make a payment in lieu of taxes to the City, for the City to provide certain services to the Water Board, and for the Water Board's payment for those services; and

WHEREAS, to reflect the evolving relationship between the City and the Water Board, the Operation Agreement was amended on January 1, 2006 and September 26, 2008; and

WHEREAS, on December 30, 2020, the City provided the Water Board with notice that it intended to cease providing billing and collections and the other services it provides to the Water Board pursuant to the Operation Agreement; and

WHEREAS, the parties subsequently engaged in negotiations to address issues with the Operation Agreement that had developed since the last amendment in 2008, to update procedures for services provided under the Operation Agreement, and to make the Operation Agreement more accurately reflect the scope and cost of services provided by the City to the Water Board;

NOW THEREFORE BE IT

RESOLVED, that on behalf of the Niagara Falls Water Board, its Chairman hereby is authorized to execute the Third Amendment to Operation Agreement that is attached hereto and made part hereof.

Water Board Personnel Responsible for Implementation of this Resolution:
General Counsel

Water Board Budget Line or Capital Plan Item with Funds for this Resolution:
Budget Lines: FA.8310.0001.0449.000
GA.8110.0001.0449.000
Available Funds Confirmed by: B. Majchrowicz

On September 27, 2021, the question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	Yes	No	Abstain	Absent
Board Member Asklar	[X]	[]	[]	[]
Board Member Kimble	[X]	[]	[]	[]
Board Member Larkin ^{2nd}	[X]	[]	[]	[]
Board Member Leffler	[X]	[]	[]	[]
Chairman Forster ^{1st}	[X]	[]	[]	[]

Signed By:


Nicholas J. Forster, Chairman

Vote Witnessed By:


Sean W. Costello, Secretary to Board

THIRD AMENDMENT TO OPERATION AGREEMENT

This Third Amendment, dated as of _____, 2021 ("Third Amendment"), by and between the **CITY OF NIAGARA FALLS ("CITY")**, a municipal corporation of the State of New York, **THE NIAGARA FALLS WATER BOARD ("BOARD")**, a body corporate and politic constituting a corporate municipal instrumentality of the State of New York and the **NIAGARA FALLS PUBLIC WATER AUTHORITY ("AUTHORITY")**, a body corporate and politic constituting a public benefit corporation of the State:

WITNESSETH

WHEREAS, the City, the Board and the Authority entered into an Operation Agreement, dated as of April 1, 2003 ("Operation Agreement"); and

WHEREAS, the City, the Board and the Authority entered into a First Amendment to the Operation Agreement, dated as of January 1, 2006; and

WHEREAS the City, the Board and the Authority entered into a Second Amendment to the Operation Agreement, dated as of September 26, 2008; and

WHEREAS the City, by letter dated December 30, 2020, provided the Board with a Notice of Discontinuance of Billing Services pursuant to Section 5.4.1 of the Operation Agreement and Notice of Discontinuance of Other City Services pursuant to Section 5.6 of the Operation Agreement; and

WHEREAS, the City, the Board and the Authority desire to amend Sections 5.1, 5.4, 5.5 and 5.6 of the Operation Agreement as set forth below;

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained, the parties hereto hereby agree as follows:

1. **Effective Date**. This Amendment shall be effective as of July 1, 2021 (the "Effective Date").

2. **Amendment of Sections 5.1, 5.4, 5.5 and 5.6 of the Operation Agreement and addition of a new Sections 5.7 and 5.8**. As of the July 1, 2021, Sections 5.1, 5.4, 5.5 and 5.6 of the Operation Agreement are hereby amended in their entirety, and Sections 5.7 and 5.8 are added, to read as follows:

SECTION 5.1 - BILLING AND COLLECTION

(A) The City shall no longer provide Billing and Collection Services to the Board, except as provided in Section 5.1 (B) below.

(B) The Board hereby hires, retains and employs the City, and the City hereby agrees, to provide the following Billing and Collection Services:

- 1) The City shall accept, on behalf of the Board, "in person" collections only.
In the event a mailed payment is received by the City, the City will stamp

the mailed payment with the date of receipt and promptly forward to the Board;

- 2) The City shall provide the Board a detailed listing of properties taken through "in-rem" proceedings with water and sewer account balances and the disposition of the sale. The Board's portion of proceeds from "in-rem" sales shall be transferred to the Board, with a reconciliation provided within a reasonable time of the sale. This reconciliation will provide sufficient data for the Water Board to account for the specific charges that were part of the sale and the amount of those charges recovered, and will include information such as the address of the property, and the amount being paid to the Water Board as its share of the recovery for the property;
- 3) The City shall include, with the tax searches issued by the City, a request for status of water and sewer bills, which will be provided by the Board within three (3) days of the request;
- 4) The City shall have inquiry rights into water and sewer accounts, and revenue accounting processing access, on the Board's financial software. (The Board will provide appropriate training to City personnel.) All processing shall be done on the Board's financial system. Cashier reports from the City shall be provided to the Board on a weekly basis.

(C) The Board shall handle all calls and complaints related to water and sewer bills and service. All water and sewer bills and shut off notices will be updated to reflect the removal of the City's telephone number. Within sixty (60) days of the execution of this Agreement, the Board will provide the City with a template or proof of the removal of the City's telephone number from all billing, with the address supplied on the bill specifically for "in person" payment only;

(D) The Board shall administer all repayment agreements and update the respective account within the board's financial software to reflect the related agreement and shall provide the City with proof of the same within seven (7) days.

(E) The City shall deposit all Water Charge collections in the Board's Local Water Fund within two (2) business days of receipt thereof. The City acknowledges that all monies collected as Water Charges are the property of the Water Board.

SECTION 5.4 - PAYMENT FOR SERVICE.

In exchange for providing the services set forth in Section 5.1(B), 5.2 and 5.3, the Board shall pay twenty-five percent (25%) of the reasonable personnel costs of the City's Billing and Collection office staff (the City's reasonable personnel costs for 2021 are set forth in Attachment "A"). Personnel costs shall include wages and fringe benefits as required by labor agreement and/or law. The City shall provide the Board with a budget estimate for the personnel costs of its Billing and Collection office staff for any upcoming calendar year on or about October 15 of the

preceding year, this figure is an estimate only and final figures will be delivered to the Board after adoption of the final City budget but no later than the third week of December. The Board shall be responsible to pay for increases in the personnel costs for the City's Billing and Collection office staff. The Board may request additional documents in support of the final City budget figures.

SECTION 5.4.1 - DISCONTINUANCE OF BILLING SERVICES.

The Billing and Collection Services provided under this Amendment shall continue to, and including, December 31, 2024. Billing and Collection Services, as set forth in Section 5.1(B), shall, thereafter, continue on a year-to-year basis. For periods after December 31, 2024, either party may terminate the agreement for the Billing and Collection Services, as set forth in Section 5.1(B), by giving at least one (1) year prior written notice of its intention to terminate. Notwithstanding the termination of billing services pursuant to this Section, Sections 5.2 and 5.3 of the Operation Agreement, as amended, shall remain in full force and effect, and in such event the Board shall pay to the City the cost of services provided to the Board pursuant to Section 1230-j of the Act.

SECTION 5.5 - OTHER CITY SERVICES.

In addition to the services provided pursuant to Section 5.1 of the Operation Agreement, the City shall also provide the Board with the services set forth in this Section. The costs or budget estimates of services to be rendered under this Amendment are set forth in Attachment "B". The costs and budget estimates may, if necessary, be revised each year.

(A) **Purchasing Services.** Notwithstanding the foregoing, the City shall continue to; (i) provide postage, fuel for Board vehicles and salt, the actual cost of which will be billed to the Board monthly; (ii) prepare competitive bids and requests for quotations as requested by the Board; and (iii) allow the Board to participate in the cooperative purchasing program and give such notifications as are necessary, to ensure that the lowest unit cost is available to the Board, the City and other participants. Cost for the City's continued preparation of competitive bids is set forth in Attachment "A".

(B) **Information Technologies ("IT").** The City shall provide IT assistance to the Board to ensure the respective connections between the billing and collection office for the City and the Board are maintained in order to process payments. It is acknowledged, understood and agreed upon that the City shall invoice the Board for services actually rendered.

(C) **Human Resource Services.** The Board is required to rely on support from the City Human Resource Department for the following services:

- 1) All Civil Service information e.g. classifying, preparing job specifications, exams, eligibility lists, probations, promotions and transfers.

- 2) The Board is responsible for keeping the City Human Resource Department advised of all employee status which affect human resource services.
- 3) Any and all retirement and/or terminations must be communicated to the City within two (2) business days.
- 4) The cost for providing the above Human Resource Department is set forth in Attachment "A".

(D) **Engineering Services.** The City shall continue to provide engineering services to the Board associated with ongoing and new water and sewer projects. It is acknowledged, understood and agreed that the City shall invoice the Board for Engineering Services actually rendered; this will include, but shall not be limited to, wages and fringe benefits as required by labor agreement and/or law. Engineering services include the services listed below, which shall continue to be provided by qualified staff in similar manner as previously delivered.

- 1) A list of projects requiring engineering services consisting of planning, design, bidding and construction and inspection phases for new projects and including ongoing projects in their current and remaining phases respective shall be provided and agreed to by the Board and the City. This list shall include a schedule of costs of engineering services for each phase of the listed project and a percent completion for each phase of ongoing projects. A monthly progress report shall be provided to the Board presenting the percent complete and a narrative describing the progress and activities for each project. An invoice shall be prepared by the City from this report payable by the Board based on discussion and agreement with the Board.
- 2) Survey and statistical field work required for preliminary design, specifications, stamping and sealing.
- 3) Project design and prepared drawings, to be prepared and stamped as necessary.
- 4) Cost estimates for each project for bidding, budgeting and emergency procurement.
- 5) Bidding and construction services that include, without limitation, preparation of bid documents, advertisement, distribution, receiving bids and opening, award recommendations, contract execution, job progress meeting, shop review and approval, addressing contractor questions and issues, processing change orders, processing payments and project close out activities and preparing and delivering as-built drawings.

- 6) Construction inspection services and written reports thereof to be prepared and submitted to the Board.
- 7) Preparation of Health Department Plan Reviews and DEC submissions as necessary.
- 8) Right of Way permitting for water and sewer outside maintenance work.
- 9) Inspection of required restoration work.
- 10) Access to record drawings for review and scanning.
- 11) Expedited support for emergency water and sewer repairs.
- 12) Managing the underground utility locates program.

(E) **Department of Public Works (“DPW”)**. The City shall provide DPW services to the Board associated with the projects involving street repairs. It is acknowledged, understood and agreed upon that the City shall invoice the Board for DPW services actually rendered; this will include, but shall not be limited to, wages and fringe benefits as required by labor agreement and/or law.

(F) **Code Enforcement Services**. The City shall provide to the Board the Code Enforcement services listed below on an ongoing basis. The Board’s share of the cost for postage, printing, and other similar overhead costs associated with these services is set forth in Attachment “B”.

- 1) Provide assistance with the water shut off program, which shall include but not be limited to the following:
 - (a) Prepare and mail out notices to respective properties;
 - (b) Post required signage at respective properties; and
 - (c) Remove signage at respective properties when applicable.
- 2) The Board agrees to certify to the Code Enforcement Department that all properties requiring condemnation have had the water shut off prior to the posting of the respective signage at the respective property.
- 3) The Board further agrees to indemnify the City for any potential damages that may result from the City posting respective signage on a property that has yet to have the water turned off.
- 4) The Board also agrees to provide notification to Code Enforcement when any required signage should be removed from a property due to payment being accepted. This notification should be made within twenty-four (24) hours of payment being accepted.

SECTION 5.6 - DISCONTINUANCE OF OTHER CITY SERVICES.

Services provided under this Amendment shall continue to, and including, December 31, 2024. In the event that either the Board or the City, in their sole discretion, determine that the City discontinue providing any services described in Section 5.5 of this Amendment, the party making such determination shall give written notice of such fact to the other party on or before July 1 for termination effective as of years-end.

SECTION 5.7 – SERVICES BY WATER BOARD TO CITY.

(A) **Payment for Miscellaneous Services.** The Board may from time to time provide services or equipment to the City to assist the City with discrete tasks or projects. It is acknowledged, understood and agreed upon that the Board shall invoice the City for such services actually rendered; this will include, but shall not be limited to, wages and fringe benefits as required by labor agreement and/or law or, as applicable, the fair rental value of loaned equipment.

(B) **City of Niagara Falls Fire Hydrants.** Pursuant to 21 NYCRR 1950.15, the Board charges an annual availability fee to be paid by the City Fire Department for each public fire hydrant within the City's boundaries. The Board agrees to use its best efforts to limit this fee to a sum that corresponds to the Board's anticipated capital and operations and maintenance costs associated with providing those hydrants. The Board will charge the annual fee to the City in October to be paid within 30 days, and as a condition of payment must certify that to the best of its knowledge the number of fire hydrants included on the annual bill are in proper working order and are available for use by the Fire Department on an as needed basis. As of the date of this Amendment, the Board certifies that to the best of its knowledge it is providing 2,234 hydrants that are in proper working order and available for use by the Fire Department. The Board will provide the City with a budgetary estimate of the hydrant fee by October 15 each year, with the understanding that the City will base its budget on this estimate and that any increase beyond the estimate provided will require the City to make budget amendments that will impact City services. In addition the City may request additional documents in support of the amount stated by the Board.

SECTION 5.8 – LOAN OF EQUIPMENT

Subject to mutual agreement, the City or Board may loan each other the use of equipment or vehicles from time to time to promote efficiency and save costs. The party loaning the equipment or vehicle may bill the other party to reimburse the cost of use, not to exceed the fair rental value of the loaned equipment or vehicle. The party using the loaned equipment or vehicle will defend and indemnify, to the fullest extent permitted by law, the party loaning the equipment or vehicle from any liability arising from the use, and will repair any damage resulting from the operations of the party using the vehicle. To the extent the party using loaned equipment or vehicles is not self-insured for liability and/or damage, it agrees to secure additional-insured status for the party loaning the vehicle or equipment. In the event an

insurance claim is made in connection with the use of loaned equipment or vehicles, the party using the loaned equipment or vehicle agrees to pay any applicable deductible.

3. **Other Provisions**. Except as expressly amended herein, all other provisions in the Operation Agreement are hereby ratified and confirmed in all respects and shall continue in full force and effect.

4. **Counterparts**. This Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the date first set forth above.

CITY OF NIAGARA FALLS, NY

NIAGARA FALLS WATER BOARD

Robert M. Restaino, Mayor

Nicholas J. Forster, Chairman

Attest: Niagara Falls City Clerk

NIAGARA FALLS WATER AUTHORITY

Jason Murgia, Chairman

Attachment A

City Services Cost Allocation (Section 5.4 – Billing and Collection Services)

The charges below are calculated pursuant to Section 6.1 (B) (1) of the Operations Agreement between the City of Niagara Falls and the Niagara Falls Water Board and shall apply for services delivered under this Agreement. The City shall provide the Board with a budget estimate for the personnel costs of its office staff responsible for performing the services or the services themselves described in this Amendment for any upcoming calendar year on or before October 15 of the preceding year; accordingly, the Board shall be responsible to pay for any increases in the personnel costs for the City's office staff. The Water Board may request and the City shall upon such request provide documents supporting the City's estimate for personnel costs. Future cost assignments will be made developed and established pursuant to Section 6.1 "Payments by the Board" and Section 6.2 "Method of Payment" of the Operations Agreement.

BILLING & COLLECTION DEPARTMENT

Billing & Collection Staff Job Titles	2021 Salary	FICA	Health Insurance	Dental Insurance	Life Insurance	Tier	Pension & GTLI	Total Cost	% of time Allocated	TOTAL
Billing Supervisor	\$ 52,632.22	\$ 4,026	\$ 27,323.16	\$ 1,260.00	\$ 233.21	4	\$ 9,579.06	\$ 95,054	17%	\$ 16,159
Principal Account Clerk	45,013.51	3,444	27,323.16	1,260.00	130.82	4	8,192.46	85,363	17%	14,512
Principal Clerk	47,593.08	3,641	27,323.16	1,260.00	136.51	4	8,661.94	88,616	17%	15,065
Principal Clerk	42,779.46	3,273	8,373.96	428.40	122.29	6	4,577.40	59,554	17%	10,124
Account Clerk	29,645.98	2,268	8,373.85	428.40	85.32	6	3,172.12	43,974	17%	7,476
Billing & Collection Clerk	34,589.22	2,646	1,477.74	428.40	99.54	6	3,701.05	42,942	17%	7,300
Account Clerk	29,645.98	2,268	23,224.64	1,071.00	85.32	6	3,172.12	59,467	17%	10,109
Total Cost of B&C Staff	\$ 281,899.45	\$ 21,565.31	\$ 123,419.67	\$ 6,136.20	\$ 893.02		\$ 41,056.15	\$ 474,969.80		\$ 80,744.87*

These costs are for "Personnel ONLY" and do not include any overhead costs for utilities, phones, and all office supplies and paper used to administer the collection of Water/Sewer Bills

Total divided by 12:
\$6,728.74 per month

*Pursuant to Section 5.4, the above figures are subject to change based upon City's budget estimates for the personnel costs for its office staff responsible for performing the services or for the services themselves as described herein; the Board shall be responsible to pay for any increases in the personnel costs for the City's office staff. The Water Board may request and the City shall upon such request provide documents supporting the City's estimate for personnel costs.

Attachment B

City Services Cost Allocation (Section 5.5 – Other City Services)

The charges below are calculated pursuant to Section 6.1 (B) (1) of the Operations Agreement between the City of Niagara Falls and the Niagara Falls Water Board and shall apply for services delivered under this Agreement. The City shall provide the Board with a budget estimate for the personnel costs of its office staff responsible for performing the services or the services themselves described in this Amendment for any upcoming calendar year on or before October 15 of the preceding year; accordingly, the Board shall be responsible to pay for any increases in the personnel costs for the City's office staff. The Water Board may request and the City shall upon such request provide documents supporting the City's increased costs for services. Future cost assignments will be made developed and established pursuant to Section 6.1 "Payments by the Board" and Section 6.2 "Method of Payment" of the Operations Agreement.

<u>Service</u>	<u>Cost</u>
Section 5.5(A) - Purchasing Services	\$1,200.00* per Water Board bid, \$600* per joint City/Water Board bid.
Section 5.5(C) – Human Resources	\$5,000.00* annually; plus actual cost for staffing Civil Service examinations*
Section 5.5(F) – Code Enforcement – Postage, Printing, and Similar Overhead Expenses Associated with this Department's Assistance with the Shut Off Program	\$850.00* per batch of water service shutoffs (Typically six (6) batches per year)

***Pursuant to Section 5.5, the above figures are subject to change based upon City's budget estimates for the personnel costs for its office staff responsible for performing the services or for the services themselves as described herein; the Board shall be responsible to pay for any increases in the personnel costs for the City's office staff. The Water Board may request and the City shall upon such request provide documents supporting the City's increased costs.**