

**South Central Connecticut Regional Water Authority
Minutes of the January 16, 2020 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) took place on Thursday, January 16, 2020 at the office of the Authority, 90 Sargent Drive, New Haven, Connecticut, Chairman DiSalvo presided.

Present: Authority – Messrs. DiSalvo, Borowy, Cermola, Curseaden, and Ms. Sack
Management – Mss. Collins, Discepolo, Kowalski, Nesteriak, Reckdenwald, and Messrs. Bingaman, Norris, and Singh
RPB – Mr. Eitzer
Raftelis – Mr. Fox
Staff – Mrs. Slubowski

The Chair called the meeting to order at 12:30 p.m.

Mr. Bingaman, RWA’s Chief Executive Officer and President, reviewed the Safety Moment distributed to members.

At 12:31 p.m., on motion made by Mr. Borowy, seconded by Mr. Cermola, and unanimously carried, the Authority voted to recess the regular meeting to meet as the Pension & Benefit Committee.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 1:43 p.m., the Authority reconvened.

On motion made by Mr. Cermola, and seconded by Mr. Curseaden, and unanimously carried, the Authority:

1. Approved the minutes of the December 19, 2019 meeting.
2. Approved the capital budget authorization for February 2020.

RESOLVED, that the Vice President of Finance and Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$2,700,000 for the month of February 2020 for transfer from the Construction Fund for capital expenditures. Each such requisition shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate amount budgeted for fiscal year 2020 for all Capital Improvement Projects to be exceeded. In the absence of the Vice President of Finance and Controller, the Executive Vice-President and Chief Financial Officer or the Vice-President – Asset Management is authorized to sign in her place.

3. Received the Monthly Financial Report for December 2019
4. Received the Accounts Receivable Update for December 2019.
5. Received the Derby Land Parcel Update.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 1:45 p.m., Mr. Fox entered the meeting.

Mr. Bingaman introduced Mr. Fox, Manager at Raftelis and the RWA's consultant for rate making, who provided a presentation on Emerging Trends and Considerations, which included:

- Rate application process
- Overview of cost of service studies
- Industry trends
- Considerations

At 2:55 p.m., Mr. Fox withdrew from the meeting.

Ms. Kowalski, the RWA's Vice President of Finance and Controller, reviewed revisions to amend the general bond resolution. Mr. Curseaden moved for adoption of the following resolution:

WHEREAS, the South Central Connecticut Regional Water Authority (the "Authority") adopted its Water System Revenue Bond Resolution, General Bond Resolution, on July 31, 1980 (as amended and supplemented by the 1986 Supplemental Resolution adopted March 10 1986, the 1996 Supplemental Resolution adopted June 20, 1996, the 2000 Supplemental Resolution adopted June 21, 2000, the 2001 Supplemental Resolution adopted November 21, 2001, the 2003 Supplemental Resolution adopted May 6, 2003, the 2008 Supplemental Resolution adopted January 16, 2008, the 2010 Series A Supplemental Resolution adopted February 17, 2010, the 2010 Supplemental Resolution adding Covenants adopted August 23, 2010, the 2010 Supplemental Resolution on Depreciation Expense adopted August 23, 2010, the 2012 Supplemental Resolution adopted November 20, 2012, the 2013 Supplemental Resolution adopted December 19, 2013 and the 2018 Supplemental Indenture to Amend the General Bond Resolution adopted August 16, 2018) (the "General Bond Resolution"); and

WHEREAS, Section 902-(2) of the General Bond Resolution provides that the Authority may at any time adopt a resolution supplementing the General Bond Resolution to insert such provisions clarifying matters or questions arising under the General Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with the General Bond Resolution as theretofore in effect; and

WHEREAS, in 2010 the Authority amended the General Bond Resolution to add an expense for depreciation to the calculation of net revenues in connection with the certifications to the trustee required under Section 619 of the General Bond Resolution to allow the issuance of additional bonds; and

WHEREAS, the Authority had heretofore issued bonds approximately every eighteen months and in connection therewith has increased its water rates by no less than \$1,000,000, a monthly equivalent of \$55,555, to comply with the certifications required under Section 619 of the General Bond Resolution; and

WHEREAS, the Authority has determined that it may desire to issue bonds more or less frequently than every eighteen months; and

WHEREAS, the Authority desires to amend the General Bond Resolution to clarify that any increase in the amount of Depreciation Expense is based on an eighteen month equivalent.

NOW THEREFORE BE IT RESOLVED by the South Central Connecticut Regional Water Authority that:

1. Section 102 of the General Bond Resolution is hereby amended to delete the definition of Depreciation Expense and replace it with the following definition:
“Depreciation Expense” means, from time to time, that amount for the last fiscal year reported on the Authority’s last audited Financial Statements under “Statements of Revenue, Expenses and Changes in Net Position” labeled Depreciation (the “Depreciation”), provided, however, that in connection with the issuance of the first Series of Bonds after the Twenty-fifth Series Bonds and the 2010 Series A Bonds were issued, Depreciation Expense shall be no less than \$1,000,000 and no greater than 10% of the Depreciation and for each subsequent approved application to the RPB for an increase in rates to comply with Section 619 hereof (the “Approved Rate Applications”), Depreciation Expense shall increase by no less than \$55,555 per month for the time period covered in such Approved Rate Applications and no greater than the monthly equivalent of 10% of Depreciation for such period, until the Depreciation Expense equals the Depreciation, provided, however, that such increase may be less than \$55,555 per month if an increase of \$55,555 per month would cause Depreciation Expense to exceed Depreciation. (as added by Supplemental Resolution regarding Depreciation Expense, adopted August 23, 2010 and Supplemental Resolution, adopted _____, 2020.)
2. Capitalized terms used herein and not otherwise defined shall have the definitions as set forth in the General Bond Resolution.
3. This Supplemental Resolution shall be effective upon (a) consent of the Credit Facility Provider, (b) the filing with the Trustee of a copy thereof certified by an Authorized Officer, (c) the filing with the Trustee and the Authority of an instrument in writing made by the Trustee consenting thereto, and (d) a Counsel’s Opinion, all in accordance with Section 902 of the General Bond Resolution.

Mr. Cermola seconded the motion. The Chair called for the vote:

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Abstain

Ms. Nesteriak, the RWA’s RWA’s Senior Vice President of Operations & Business Strategy reported:

- that as a result of recent changes to the RWA’s lab management, an interim manager has been appointed. Currently, the focus is on maintaining compliance, redistributing tasks and client transitioning. Next steps will include a long-term review of lab operations & structure.
- that the RWA is currently undergoing an operational readiness in an effort to prepare for summer flows. A cross functional team will review system status and ensure all maintenance and repair is done prior to the start of summer.

Mr. Norris, the RWA’s Vice President of Asset Management reported:

- that repairs at the Lake Whitney Dam are still in the early stages.

Mr. Bingaman reported:

- that Tighe and Bond, in collaboration with RWA, were the recipients of the Grand Award of the American Council of Engineering Companies of Connecticut during the 2020 Engineering Excellence awards ceremony for their response to the Great Hill Tunnel Pipeline Restoration Project. RWA engineers were also present at the ceremony to receive the award.
- that Mr. Doyle, RWA's Public Affairs & Communications Manager, and Ms. Vitagliano, RWA's Government and Public Relations Specialist, attended the Greater New Haven Chamber of Commerce's Regional Legislative Breakfast earlier in the month at Southern Connecticut State University. He stated that the Public Utilities Management Program was featured and Senator James Maroney spoke about the program and the role of education in economic development.
- that the RWA, as a result of the effort of Mr. Triana the RWA's Real Estate Manager, was awarded two open space grants from the State of Connecticut for properties located in Bethany and Hamden.

Authority members reported on recent Representative Policy Board committee meetings.

At 3:22 p.m., on motion made by Mr. Borowy, seconded by Ms. Sack, and unanimously carried, the Authority voted to recess the regular meeting to meet as the Strategic Planning Committee.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 3:57 p.m., the Authority reconvened, and on motion made by Mr. Borowy, seconded by Ms. Sack, and unanimously carried, the Authority voted to recess the regular meeting to meet as the Compensation Committee.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 4:24 p.m., Mr. Eitzer withdrew from the meeting.

At 5:03 p.m., the Authority reconvened.

Mr. Cermola, Chairman of the Compensation Committee, stated that the Committee recommended salary increases for the Chief Executive Officer (CEO) and the Senior Executive Team, in conformance with a total compensation study of median comparable market data done by Willis Towers Watson in February 2017. Mr. Cermola moved for approval of the following resolution:

RESOLVED, that at the Compensation Committee's recommendation, the Authority approves a compensation increase for the Chief Executive Officer of the South Central Connecticut

Regional Water Authority, as presented, in conformance with a total compensation study of median comparable market data done by Willis Towers Watson.

Mr. Borowy seconded the motion. The Chair called for the vote:

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Mr. Cermola moved for approval of the following resolution:

RESOLVED, that at the Compensation Committee's recommendation, the Authority approves a compensation increase for the Senior Executive Team of the South Central Connecticut Regional Water Authority, as presented, in conformance with a total compensation study of median comparable market data done by Willis Towers Watson.

Mr. Curseaden seconded the motion. The Chair called for the vote.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Due to time constraints, it was the consensus of the Authority to move item J, *Non-Core Program Update*, to the Authority's February 20, 2020 meeting.

At 5:05 p.m., on motion made by Ms. Sack, and seconded by Mr. Cermola, and unanimously carried, the meeting adjourned.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Respectfully submitted,

Kevin Curseaden, Secretary