

**South Central Connecticut Regional Water Authority
Minutes of the December 21, 2023 Meeting**

The regular meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) took place on Thursday, December 21, 2023, via remote access. Chair Borowy presided.

Present: **Authority Members Present** – Messrs. Borowy, Curseaden and Ricozzi, and Mss. LaMarr and Sack
 Management – Mss. Kowalski and Calo, and Messrs. Bingaman, Hill, Lakshminarayanan, and Singh
 Moran Consulting, Inc. – Mr. Moran and Ms. Dolan
 RPB – Mr. Levine
 Staff – Mrs. Slubowski

Chair Borowy called the meeting to order at 12:30 p.m. He reviewed the safety moment distributed to members.

Chair Borowy offered the opportunity for members of the public to comment. There were no members of the public present at the meeting.

At 12:30 p.m., on motion made Ms. LaMarr, and seconded by Mr. Ricozzi, the Authority voted to recess the meeting to meet as the Audit-Risk Committee.

Borowy	Aye
Curseaden	Absent
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 12:46 p.m., Mr. Curseaden entered the meeting.

At 1:36 p.m., the Authority reconvened.

On motion made by Ms. Sack, and seconded by Mr. Ricozzi, the Authority voted to approve, adopt, or receive as appropriate the following items in the Consent Agenda:

1. Minutes of the November 16, 2023 regular meeting, December 1, 2023 special meeting, and the December 8, 2023 special meeting.
2. Approved the Capital Budget Authorization for January 2024.

RESOLVED, that the Vice President & Chief Financial Officer is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$4,300,000 for the month of January 2024 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate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 2024 for all Capital Improvement Projects to be exceeded. In the absence of the Vice President & Chief Financial Officer, the Controller is authorized to sign in her place.

3. Capital Budget Transfer Notifications for January 2024.

4. Accounts Receivable update for the period ended November 30, 2023.
5. Key Performance Indicators.
6. RPB Quarterly Dashboard Report.
7. Acquisition of 3.5+ acres at 175 Cherry Hill Road, Branford

Borowy Aye
Curseaden Aye
LaMarr Aye
Ricozzi Aye
Sack Aye

[Break from 1:36 p.m. to 1:45 p.m.]

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

Ms. Kowalski, the RWA's Vice President & Chief Financial Officer, reviewed the quarterly financial report for the 2nd quarter of FY 2024, which included:

- Balance Sheet
- Revenues, expenses, and changes in net position
- Operating and maintenance expenses and key variances
- FY 2023 capital expenditures and projections
- Investment earnings report
- Year to date cash flow

Ms. Kowalski reported that the RWA was looking for approval of the resolutions for the Derby Tank for the Drinking Water State Revolving Funding, which would allow the RWA to enter into a PLO and subsidy. Mr. Ricozzi moved for approval of the following resolutions:

WHEREAS, on November 15, 2018, the Authority adopted and on March 21, 2019, the Representative Policy Board (the "RPB") approved the resolutions which established the general terms and provisions of the Authority's bonds which may be issued as project loan obligations in one or more series delivered to the State of Connecticut (the "State") in the aggregate principal amount not to exceed \$5,100,000 (the "Bonds") to (i) finance or refinance the cost of the construction of a water storage tank in Derby, Connecticut which was in addition to approximately \$813,000 previously approved and spent on preliminary expenditures, (ii) finance the funding of reserve funds held under the Water System Revenue Bond Resolution, General Bond Resolution adopted by the Authority and approved by the RPB on July 31, 1980, as amended and supplemented (the "General Bond Resolution") and (iii) pay costs of issuance of the Bonds (the "Derby Water Storage Tank Project"); and

WHEREAS, the Authority wishes to provide for the issuance, sale and delivery of the Authority's Bonds issued as a project loan obligation to be delivered to the State for the Derby Water Storage Tank Project (the "PLO") and approve the Project Loan and Subsidy Agreement by and between the State and the Authority related to the Derby Water Storage Tank Project (the "Loan Agreement").

NOW THEREFORE BE IT RESOLVED, that the President/Chief Executive Officer and the Vice President and Chief Financial Officer and any one of them may apply to the State Department of Public Health for eligibility and funding of the Derby Water Storage Tank Project and sign such applications and any other documents which may be necessary or desirable to apply

for eligibility of and to apply for and obtain financial assistance for the Derby Water Storage Tank Project from the State’s Drinking Water Fund Program and that any such action taken prior hereto is hereby ratified and confirmed; and

BE IT FURTHER RESOLVED, that the Chairperson or Vice Chairperson and President/Chief Executive Officer or Vice President and Chief Financial Officer be authorized (i) to issue, sell and deliver the PLO in a total amount not to exceed \$5,100,000, and (ii) to determine the principal amount, date, date of maturity, interest rate, form and other details of the PLO, pursuant to the Act and the General Bond Resolution or any other provisions of law thereto enabling; and

BE IT FURTHER RESOLVED, that the Authority hereby approves the Supplemental Resolution authorizing the issuance of the PLO substantially in the form attached hereto as Exhibit A, with such changes, omissions, insertions and revisions as the Chairperson or Vice Chairperson and President/Chief Executive Officer or Vice President and Chief Financial Officer shall deem advisable and which shall be as set forth in one or more Certificates of Determination attached thereto: and

BE IT FURTHER RESOLVED, that for the purposes of providing to the Authority the loan and grant from the State, the Authority hereby approves the Loan Agreement substantially in the form as the President/Chief Executive Officer or Vice President and Chief Financial Officer shall deem advisable and the approval of the Authority shall conclusively be determined from any of their signatures thereon: and

BE IT FURTHER RESOLVED, that the Chairperson, Vice Chairperson, President/Chief Executive Officer and Vice President and Chief Financial Officer, or any one of them, are hereby authorized to execute and deliver such documents as may be necessary or desirable to issue and deliver the PLO, including but not limited to, the Loan Agreement, and to take such actions or to designate other officials or employees of the Authority to take such actions and execute such documents in connection with the issuance, sale and delivery of the PLO as are determined necessary or advisable and in the best interests of the Authority and that the execution of such documents shall be conclusive evidence of such determination: and

BE IT FURTHER RESOLVED, that the Chairperson, Vice Chairperson, President/Chief Executive Officer or Vice President and Chief Financial Officer, or any one of them are hereby authorized to accept such grants from the State for the Derby Water Storage Tank Project as set forth in the Loan Agreement and to apply the proceeds of the grant to the Derby Water Storage Tank Project, as applicable.

Ms. LaMarr seconded the motion, the Chair called for the vote:

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

Ms. Kowalski requested approval of the General Bond Resolutions, which would remove the 10% book depreciation cap currently in place to allow for flexibility. Ms. LaMarr moved for approval of the following resolutions:

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, the 2018 Supplemental Indenture to Amend the General Bond Resolution adopted August 16, 2018 and the 2020 Supplemental Resolution to Amend the General Bond Resolution, Adopted January 16, 2020) (the “General Bond Resolution”); and

WHEREAS, Section 901-(3) of the General Bond Resolution provides that the Authority may at any time adopt a resolution supplementing the General Bond Resolution to add to the limitations and restrictions in the [General Bond] Resolution, other limitations and restrictions thereafter to be observed by the Authority which are not contrary to or inconsistent with the [General Bond] Resolution as theretofore in effect; and

WHEREAS, the definition of Depreciation Expense in the General Bond Resolution defines Depreciation as that amount for the last fiscal year reported on the Authority’s last audited Financial Statements under “Statements of Revenues, Expenses and Changes in Net Position” labeled Depreciation; and

WHEREAS, the General Bond Resolution provides that for each application to the RPB for an increase in rates, Depreciation Expense shall increase by no greater than the monthly equivalent of 10% of Depreciation for such period until the Depreciation Expense equals Depreciation; and

WHEREAS, the Authority has determined that for each application to the RPB for an increase in rates, it may desire to increase Depreciation Expense by more than the monthly equivalent of 10% of Depreciation and to continue to increase such Depreciation Expense until such Depreciation Expense equals more than the prior fiscal year Depreciation; and

WHEREAS, the Authority desires to amend the definition of Depreciation Expense to allow it to increase Depreciation Expense by more than the monthly equivalent of 10% of Depreciation until Depreciation equals more than the prior fiscal year Depreciation.

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 110% of Depreciation for such period, until the Depreciation Expense equals 110% of 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 110% of Depreciation. *(as added by 2010 Supplemental Resolution regarding Depreciation Expense, adopted August 23, 2010, 2020 Supplemental Resolution to amend the General Bond Resolution, adopted January 16, 2020 and 2023 Supplemental Resolution to amend the General Bond Resolution, adopted December 21, 2023.)*

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 the filing with the Trustee (a) consent of the Credit Facility Provider, (b) a copy of this Supplemental Resolution certified by an Authorized Officer and (c) a Counsel’s Opinion, all in accordance with Section 901 of the General Bond Resolution.

Authority members discussed the need for the proposed depreciation change to increase internally generated funds. Depreciation expense included in rates is still well below book depreciation. As an example, this change may be used when RWA’s pension plans are “fully funded” as this will be an opportunity to increase depreciation, without a rate impact. This would result in an increase to the internally generated funds available for the construction fund. Approval of the resolution would ultimately position the RWA for the near and long term with the ability to further increase internally generated funds available for the construction fund, lowering debt and debt financing requirements.

After discussion, Mr. Ricozzi seconded the motion, the Chair called for the vote:

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

The Chair stated it would be appropriate to elect Authority officers, including the board Chair, for the 2024 calendar year. Ms. Sack moved for adoption of the following resolutions:

RESOLVED, that Mr. Borowy, be re-elected as Chairman for a two-year term effective January 1, 2024, and until a successor is elected and has qualified; and

RESOLVED, that Mr. Curseaden, be re-elected as Vice Chairman for a one-year term effective January 1, 2024, and until a successor is elected and has qualified; and

FURTHER RESOLVED, that Ms. LaMarr, be re-elected as Secretary/Treasurer for a one-year term effective January 1, 2024, and until a successor is elected and has qualified.

Mr. Ricozzi seconded the motion, the Chair called for the vote:

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

Authority members reported on recent Representative Policy Board (“RPB”) committee meetings and assignments were made for the first quarter 2024 RPB Committee meetings.

Mr. Curseaden reported on the meeting of the Joint Committee for Enabling Legislation (“Joint Committee”) that took place earlier in the week. The Committee met to discuss comments recommended by RPB committee members. The Authority, RPB and management were in agreement with the proposed changes and the Committee was able to reach a consensus to increase the Authority board from five to seven members and implement term limits to four consecutive terms. After discussion, Mr. Curseaden noted that the Committee voted to forward the proposed changes to the enabling legislation to the RPB. He moved for approval of the following resolutions for approval to forward the proposed changes to the legislature for its 2024 session and recommendation to the RPB in support of the modifications as discussed at the RPB Committee meetings and at the Joint Committee meeting:

WHEREAS, on November 30, 2023 the Joint Committee on Enabling Legislation (“Joint Committee”) met at a special meeting to review and discuss proposed changes to the enabling legislation of the South Central Connecticut Regional Water Authority (“Authority or RWA”), which included technical corrections, spelling, critical amendments, and various other updates, where it was determined that members of the Authority, members of the RPB, and management would work together on the proposed changes, and that this topic would be on the December meeting agenda for each RPB Committee; and

WHEREAS, members of the RPB, members of the Authority, and management worked together to discuss and refine proposed amendments; and

WHEREAS, on December 20, 2023, the Joint Committee met at a special meeting to review comments and input from the December RPB committee meetings; and after a thorough review of the updated proposed changes, the Joint Committee voted to recommend the changes to the RPB at its December 21, 2023 regular meeting; and

WHEREAS, the RPB has reviewed the proposed changes to the enabling legislation, but has no other statutory obligations or authority; and

WHEREAS, at its meeting on December 21, 2023, the RPB consensus regarding the proposed changes to the RWA’s enabling legislation is that they are reasonable and supported, and voted in favor of the proposed changes for submission by the RWA to the legislature for the 2024 session.

NOW THEREFORE BE IT:

RESOLVED, that the proposed amendments to the South Central Connecticut Regional Water Authority’s enabling legislation attached hereto as Exhibit A are hereby approved; and:

RESOLVED FURTHER, that management is hereby authorized to take such actions in connection with the proposed legislative amendments that are determined to be necessary or advisable, and in the best interest of the Authority provided that any such actions do not fundamentally alter the overall intent of the proposal.

Authority members discussed effective dates, term requirements for new members, and municipal outreach.

Mr. Ricozzi stated that comments suggested by Atty. Donofrio, Office of Consumer Affairs, and the Authority, RPB, and management's willingness to consider his suggestions assisted with the consensus in support of the proposed changes.

Ms. LaMarr seconded the motion. The Chair called for the vote:

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 2:28 p.m., Mr. Moran and Ms. Dolan entered the meeting and Mr. Levine withdrew from the meeting.

Mr. Bingaman, the RWA's President & Chief Executive Officer, introduced Mr. Moran and Ms. Dolan from Moran Consulting, Inc., who provided an update on Delivering Service Excellence Training & Initiative at the RWA, a training program designed to set new standards, improve internal and external interaction, and improve the culture of the organization for high performing teams, which included:

- Alignment with RWA's Five-Year Strategic Plan
- 9 Elements of a High-Performance Service Culture
- Six Point Service Plan Ties to CEO's Vision & Strategic Plan
- Key Takeaways from Employee Survey
- Next Steps and Expected Outcomes
- FY 2024 Global Metrics

At 3:30 p.m., Mr. Moran and Ms. Dolan withdrew from the meeting.

Mr. Singh also provided an RWAY/Customer Information System Update, which included:

- Schedule and Cost Impact
- Key Milestones and Focus Areas
- Next Steps

Mr. Bingaman, the RWA's President & Chief Executive Officer, reported on the progress of the RWA's partnership with the Yale Center for Innovation to create a water innovation center. He stated that earlier in the month he met with a professor involved in the Center for Innovation, and the director of corporate relations and strategy, to discuss working together in the water industry to develop technologies that deal with emerging contaminants and regulations such as PFAS, invasive species, and alternative energy.

At 4:01 p.m., on motion made by Mr. Curseaden, and seconded by Mr. Ricozzi, the Authority voted to go into executive session to discuss matters pursuant to C.G.S. 1-200(6)(E) for matters covered by Section 1-210(b)(9), pertaining to strategy or negotiations with respect to collective bargaining. Present in executive session were Authority members, Messrs. Bingaman, Hill, Lakshminarayanan, Singh, and Mss. Kowalski, Calo and Slubowski.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 4:18 p.m., the Authority reconvened. No votes were taken in, or as a result of, executive session. On motion made Ms. LaMarr, and seconded by Mr. Ricozzi, the Authority voted to recess the meeting to meet as the Commercial Business Committee.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

At 5:18 p.m., the Authority reconvened. On motion made by Mr. Curseaden, and seconded by Ms. LaMarr, the Authority voted to adjourn the meeting.

Borowy	Aye
Curseaden	Aye
LaMarr	Aye
Ricozzi	Aye
Sack	Aye

Respectfully submitted,

Catherine E. LaMarr, Secretary

Attachment:

1. Exhibit A, Changes to the RWA's Enabling Legislation for submission to the legislative session in 2024.