

**South Central Connecticut Regional Water Authority**

**Minutes of the July 18, 2013 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority was held Thursday, July 18, 2013 at the office of the Authority, 90 Sargent Drive, New Haven, CT, Chair DiSalvo presiding.

Present: Authority – Ms. Lieberman, Messrs. Bell, Cermola, DiSalvo, Marsh  
Management – Mss. Discepolo, Kowalski, Soda, Messrs. Bingaman, Norris, Triana  
RPB – Ms. Dybas, Messrs. Borowy, Leary  
Staff – Ms. Yoder

The Chair called the meeting to order at 12:30 p.m. He proposed to reorder the agenda to consider item II after item V. There were no objections.

At 12:32 p.m., on motion duly made by Mr. Cermola and seconded by Mr. Bell, it was voted unanimously to go into executive session to discuss real estate acquisition and strategy regarding pending litigation. Present in executive session were the Authority members, Messrs. Norris (12:32 – 12:50 p.m.), Triana (12:32 – 12:50 p.m.), Mr. Bingaman, Mss. Discepolo, Soda and Yoder.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 1:30 p.m., the Authority came out of executive session.

Mr. Marsh made a motion to add to the agenda “Consider and Act on Resolution regarding the Pension Review Committee” immediately following consideration of the consent agenda. Mr. Cermola seconded the motion and the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

On motion made by Mr. Cermola and seconded by Mr. Bell, the following items contained in the consent agenda were approved and adopted or received, as appropriate:

- A. Approve minutes of the June 20, 2013 regular meeting.
- B. Approve capital budget authorization for August 2013.

**Resolved**, That the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$2,600,000 for the month of August 2013 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate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 2014 for all Capital Improvement Projects

to be exceeded. In the absence of the Controller, the Vice-President and Chief Financial Officer or the Vice-President – Asset Management is authorized to sign in her place.

- C. Receive notification that it was necessary to contract with Furmanite Corporation on an emergency basis to provide services in connection with repair of a 36-inch water main in New Haven at a cost of \$66,690 without public bid for the reasons set forth in Ms. Discepolo's memorandum dated July 11, 2013, a copy of which is to be filed with the records.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Cermola moved for adoption of the following resolution:

**Resolved**, That the Vice President, Employee Services, Vice President and Chief Financial Officer and the Controller are hereby authorized and empowered to act as management's Pension Review Committee for the Authority's Salaried Employees' Retirement Plan and Retirement Plan (Union), with instructions to defer final action on non-routine or discretionary matters until they have consulted with the Retirement Committee or Pension Committee, which are both comprised of the Authority Members, as the case may be.

Ms. Lieberman seconded the motion. Discussion took place concerning the role of the Pension Review Committee. Mr. Bell requested that the Authority receive an annual report on the Authority's Voluntary Investment Plan (401K). After discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Ms. Discepolo reviewed the June 2013 monthly financial report. She commented on the most significant variances in operating revenues and expenses and the projected fiscal year 2013 maintenance test. Mr. Bingaman commented briefly on accounts receivable collection initiatives.

Mr. Bingaman and Ms. Discepolo reviewed the ten-year financial model including its assumptions, issuance test results and the impact of various assumptions on water rates and reserve fund balances. Discussion focused on funding the pension plans, cost of employee benefits, RWA rates compared to other utilities, philosophy regarding coverage, need to educate the rating agencies regarding RWA's actual coverage and next steps in terms of operating efficiency, revenue growth, financings and communication.

Ms. Discepolo presented an update on the RWA Ratings Criteria Gap Analysis. The update included current ratings trends, the RWA rating, RWA performance vs. S&P and Moody's key financial and operating rating criteria, gap analysis, facts to consider and next steps.

Messrs. Bingaman and Marsh provided an overview of New Haven region economic development focusing on options for RWA's role and next steps. Discussion took place regarding the history of economic development in the New Haven region, current opportunities, the importance of RWA having a leadership role, and parameters for RWA financial investment.

Chair DiSalvo proposed to reorder the agenda to consider item VII prior to items II and VI. There were no objections.

Mr. Bingaman:

- Reported on the need to increase the reserve for clean-up at Hamden Middle School by approximately \$250,000 as a result of comments received from Connecticut Department of Energy and Environmental Protection.
- Commented on discussions with Gateway Community College and others regarding creation of a two-year or four-year degree in utility management.

Mr. Bingaman provided an update on initiatives to expand the laboratory services testing business and a potential opportunity to partner with a company that installs cogeneration systems. At 4:35 p.m., on motion duly made by Mr. Marsh and seconded by Mr. Bell, it was voted unanimously to go into executive session to discuss confidential information related to this opportunity. Present in executive session were the Authority members, Mr. Bingaman, Mss. Discepolo, Soda and Yoder.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 4:47 p.m. the Authority came out of executive session.

The Authority members reviewed potential special topics for discussion at the October meeting.

At 4:55 p.m., on motion made by Mr. Cermola and seconded by Mr. Bell, the meeting was adjourned.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

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Richard G. Bell, Secretary