

South Central Connecticut Regional Water Authority

Minutes of the January 17, 2013 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority was held Thursday, January 17, 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, Zanella-Dyer, Messrs. Bingaman, Chaplik, Norris
RPB – Messrs. Borowy, Oslander
Staff – Ms. Yoder

The Chair called the meeting to order at 12:30 p.m. On motion duly made by Mr. Cermola, seconded by Mr. Bell and unanimously adopted “Consider and Act on Appointment of Real Estate Manager” was added to the agenda following the consent agenda.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 12:32 p.m., on motion duly made by Mr. Cermola and seconded by Ms. Lieberman, it was voted unanimously to go into executive session to discuss personnel and acquisition of real estate. Present in executive session were the Authority members, Mr. Bingaman, Mss. Discepolo and Yoder.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 1:25 p.m., the Authority came out of executive session and recessed briefly.

At 1:30 p.m. the Authority reconvened. Mr. Marsh requested that item A, “Approve Minutes” be removed from the consent agenda. On motion made by Mr. Bell and seconded by Mr. Cermola, the following items contained in the consent agenda were approved and adopted or received, as appropriate:

B. Approve capital budget authorization for February 2013

Resolved, That the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$1,862,000 for the month of February 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate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 2013 for all Capital Improvement Projects to be exceeded. In the absence of the Controller, the Vice-President – Business Planning, Development and Finance or the Vice-President – Operations and Engineering is authorized to sign in her place.

- C. Receive capital budget transfer notifications detailed in Ms. Discepolo's memo dated January 10, 2013.
- D. Approve Exemption from Public Bidding for Information Technology Disaster Recovery Site

Resolved, That the Authority authorizes Management to contract with Cervalis to lease commercial data center space to support Phase I of the Regional Water Authority information technology disaster recovery plan without public bidding and such purchase without public bidding is hereby determined to be in the best interest of the Regional Water Authority for the reasons set forth in the request dated January 2013, a copy of which is to be filed with the records.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

On motion duly made by Mr. Cermola, seconded by Mr. Bell and adopted, the minutes of the December 18, 2012 meeting of the Authority were approved as submitted.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Abstain

On motion duly made by Mr. Cermola, seconded by Mr. Bell and unanimously adopted, the minutes of the December 19, 2012 meeting of the Authority were approved as submitted.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

On motion duly made by Mr. Cermola, seconded by Mr. Bell and unanimously adopted, the minutes of the January 9, 2013 meeting of the Authority were approved as submitted.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Abstain

Mr. Bingaman reviewed briefly the process used to screen candidates for the position of Regional Water Authority ("RWA") Real Estate Manager. He reviewed the key responsibilities of the position. He stated management recommended appointment of John Triana to the position and reviewed Mr. Triana's credentials. He stated the RWA enabling legislation provides that this position be filled by the Chief Executive Officer with the approval of the Authority. Mr. Bell moved for adoption of the following resolution:

Resolved, That the Authority approves the appointment of John Triana to the position of Real Estate Manager effective February 3, 2013.

Mr. Cermola seconded the motion and, after discussion, it was adopted unanimously.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Bell recalled that the Authority had issued an invitation to bid to provide actuarial services for the RWA's pension plans and post-retirement health care plan. He reported that earlier in January Ms. Discepolo, Mr. Bingaman and he had interviewed two firms that responded to the invitation to bid. He distributed the proposals submitted by the two firms and briefly reviewed their credentials and fee proposals. He stated, based on the interviews and reference checks, he recommended retention of The ANGELL Pension Group, Inc. He moved for adoption of the following resolution:

Resolved, That The ANGELL Pension Group, Inc. be retained to provide actuarial services for the South Central Connecticut Regional Water Authority Retirement Plan, South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan and South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Trust at the fees quoted in its proposal.

Mr. Marsh seconded the motion and, after discussion, it was unanimously adopted.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Ms. Discepolo reviewed the December 2012 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 and Ms. Discepolo reviewed the newly-developed ten-year financial model, including its purpose as a base for future strategic decisions, assumptions, issuance test results and impact on reserve fund balances. Strategic discussion focused on the cost of labor, the ability demonstrated by the model to reach financial stability, various scenarios for reaching reserve fund balance targets, and elements for future discussion. Ms. Discepolo summarized the overall findings, trends and "next steps" and commented on the use of 20 year debt maturity vs. 30 year debt maturity. The Authority agreed to further discuss the level of RWA's financial coverage and timing of achieving that coverage at the July strategic topics meeting.

Mr. Norris reviewed SAIC's capital improvement program review, a definition of the "right" capital budget amount, planned implementation of an asset management group and development of an asset register, historical capital spending and capital pipe spending, and five-year capital budgets with impacts at three spending levels. Strategic discussion focused on the status of RWA infrastructure, what would be given up at lower capital spending levels, related risk and RWA's risk tolerance. The Authority asked management to prepare additional risk analysis to inform discussion at the July strategic topics meeting regarding the appropriate level of RWA's fiscal year 2015 and future capital budgets. Mr. Norris reviewed the use of contingency in recent capital budgets, restrictions on its use and the level of

contingency used in project budgets. Management suggested that for fiscal year 2014 the capital budget contingency be set at \$1.0 million with the understanding that it may be drawn upon to cover legitimate project overruns that exceed the project budget contingency, and project budget contingencies be reduced from 10% to 5%, except in cases where a project requires a higher contingency level. The Authority members agreed in principal with this approach.

Ms. Zanella-Dyer provided an update on receiverships. She reviewed less traditional collection strategies, including treatment of town and state accounts, use of collection agencies, the “unauthorized service/usage” fee included in miscellaneous rates in the rate application currently before the Representative Policy Board and pursuing foreclosure action. Discussion focused on situations in which use of these strategies might or might not be appropriate, the need to evaluate situations on a case-by-case basis and to focus on high dollar amount receivables.

Mr. Chaplik reviewed historic public involvement efforts and 2012 efforts. Ms. Zanella-Dyer summarized several future options. It was agreed this topic would be addressed again at a future strategic topics discussion.

At 5:05 p.m., Mr. Marsh withdrew from the meeting.

Discussion took place concerning the list of strategic issues for discussion at future RWA strategic topics meetings distributed by Mr. Bingaman with the meeting materials. It was agreed the April meeting will focus on review of the proposed fiscal year 2014 capital and operating and maintenance budgets.

Mr. Bingaman announced that Mr. Chaplik, Vice President, Water Quality and Outreach, had elected to retire effective April 1, 2013. The Authority members recognized Mr. Chaplik’s long and outstanding service to RWA and asked Mr. Bingaman to convey their best wishes to him.

At 5:20 p.m., on motion made by Mr. Bell and seconded by Mr. Cermola, the meeting was adjourned.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Absent

Richard G. Bell, Secretary