

South Central Connecticut Regional Water Authority

Minutes of the March 21, 2013 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority was held Thursday, March 21, 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, Norris
RPB – Messrs. Borowy, Ricozzi
Staff – Ms. Yoder

The Chair called the meeting to order at 12:30 p.m. On motion made by Mr. Bell, seconded by Mr. Cermola and unanimously adopted, “Lorman Property Purchase” was added to the agenda immediately 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. Bell and seconded by Ms. Lieberman, it was voted unanimously to go into executive session to discuss litigation strategy. Present in executive session were the Authority members, Messrs. Bingaman, Norris, Mss. Discepolo and Yoder.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 1:40 p.m., the Authority came out of executive session.

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

- A. Approve minutes of February 21, 2013 meeting.
- B. Approve capital budget authorization for April 2013

Resolved, That the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$3,023,800 for the month of April 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate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 – Asset Management is authorized to sign in her place.

- C. Receive capital budget transfer notifications detailed in Ms. Discepolo's memo dated March 15, 2013.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 1:43 p.m. Mr. Borowy joined the meeting.

Mr. Norris reported that, as a result of completion of an A-2 survey of the Lorman property in Killingworth, the amount of land to be purchased has increased to 65 acres from the 46+/- acres previously discussed with, and approved by, the Authority. He stated the increase in acreage resulted in an increase in the purchase price requested by the sellers. Discussion took place concerning the location and strategic importance of this property. It was agreed management will continue to negotiate the price for purchase of the increased acreage and will provide additional information and request approval of the purchase at a future meeting.

The Chair proposed to have Mr. Bell report on a recent meeting of the Representative Policy Board ("RPB") Land Use Committee prior to other items on the agenda. There were no objections.

Mr. Bell reported that at the March Land Use Committee meeting Mr. Levine, Committee chair, raised the issue of the "blow down" of trees in West Haven, Orange and Seymour visible from roads adjacent to Regional Water Authority ("RWA") property. Mr. Norris distributed information compiled by the RWA forester regarding damage to trees caused by Super Storm Sandy. He described site-specific considerations (e.g., recreation program fishing) and on-going efforts by the forester to retain a contractor and implement a cost neutral approach to clean-up.

At 1:55 p.m. Mr. Ricoszi joined the meeting.

Ms. Discepolo reviewed the February 2013 monthly financial report. She commented on the most significant variances in operating revenues and expenses and the projected fiscal year 2013 maintenance test. She described the process used by management to calculate the increased provision for uncollectible accounts. She reviewed the quarterly financial report, focusing on the balance sheet and projected maintenance test with various assumptions. She described the impact of the Federal budget sequester on the subsidy to be paid by the U.S. government to the RWA in connection with its issuance of Build America Bonds.

Ms. Discepolo briefly reviewed the proposed supplemental resolution providing for the issuance, sale and delivery of the Twenty-eighth Series bonds. Mr. Cermola moved for adoption of the following resolution:

WHEREAS, Section 22 of Special Act 77-98, as amended, of the Connecticut General Assembly (the "Act") provides, in pertinent part, that bonds shall be authorized by a resolution of the South Central Connecticut Regional Water Authority (the "Authority") which shall provide for the terms and conditions of the bonds, and may provide for any matter which in any way affects the security or protection on the bonds; and

WHEREAS, Section 9 of the Act provides that the Authority may delegate to one or more of its members, officers, agents or employees, such powers and duties as it may deem proper; and

WHEREAS, on November 20, 2012, the Authority adopted and on February 21, 2013, the Representative Policy Board (the "RPB") approved the resolutions which established the general terms and provisions of the Authority's Water System Revenue Bonds, Twenty-eighth Series A (the "Twenty-eighth Series A Bonds") and the Water System Revenue Refunding Bonds, Twenty-eighth Series B (the "Twenty-eighth Series B Bonds" and together with the Twenty-eighth Series A Bond, the "Twenty-eighth Series Bonds") in the aggregate principal amount not to exceed \$140,000,000 to finance, among other things, the cost of certain capital improvements to the water system and the refunding of certain maturities of the Authority's outstanding Bonds; and

WHEREAS, the Authority wishes to provide for the issuance, sale and delivery of the Authority's Twenty-eighth Series Bonds.

NOW THEREFORE,

BE IT RESOLVED, that the Chairperson or Vice Chairperson and the Chief Executive Officer or Vice President Business Planning, Development and Finance be authorized (i) to issue, sell and deliver the Twenty-eighth Series A Bonds in an amount not to exceed \$40,000,000, and (ii) to determine the amount, date, date of maturity, interest rate, form and other details of the Twenty-eighth Series A Bonds, pursuant to the Act and the Water System Revenue Bond Resolution, General Bond Resolution as amended and supplemented (the "General Bond Resolution") or any other provisions of law thereto enabling.

BE IT FURTHER RESOLVED, that the Chairperson or Vice Chairperson and the Chief Executive Officer or Vice President Business Planning, Development and Finance be authorized (i) to issue, sell and deliver the Twenty-eighth Series B Bonds in an amount not to exceed \$100,000,000, and (ii) to determine the amount, date, date of maturity, interest rate, form and other details of the Twenty-eighth Series B Bonds, pursuant to the Act and the Water System Revenue Bond Resolution, General Bond Resolution as amended and supplemented (the "General Bond Resolution") or any other provisions of law thereto enabling.

BE IT FURTHER RESOLVED, that the Authority hereby approves the Twenty-eighth Series A Supplemental Resolution authorizing the issuance of the Twenty-eighth Series A Bonds substantially in the form attached hereto as Exhibit A, with such changes, omissions, insertions and revisions as the Chairperson or Vice Chairperson and Chief Executive Officer or Vice President Business Planning, Development and Finance shall deem advisable and which shall be as set forth in a Certificate of Determination attached thereto.

BE IT FURTHER RESOLVED, that the Authority hereby approves the Twenty-eighth Series B Supplemental Resolution authorizing the issuance of the Twenty-eighth Series B Bonds substantially in the form attached hereto as Exhibit B, with such changes, omissions, insertions and revisions as the Chairperson or Vice Chairperson and Chief Executive Officer or Vice President Business Planning, Development and Finance shall deem advisable and which shall be as set forth in a Certificate of Determination attached thereto.

BE IT FURTHER RESOLVED, that for the purpose of providing for the public offering and sale of the Twenty-eighth Series Bonds and further setting forth information relating to the Twenty-eighth Series Bonds, an official statement, substantially in the form of the official statement attached hereto as Exhibit B (the "Official Statement") is hereby approved, with such changes, omissions, insertions and revisions as the Chairperson or Vice Chairperson and Chief Executive Officer or Vice President Business Planning, Development and Finance shall deem advisable or shall be necessary to provide information concerning the Twenty-eighth Series

Bonds; and such officers, in the name of the Authority, are hereby authorized to deem the Official Statement final when appropriate and are further authorized and directed to execute such Official Statement and any amendment or supplement thereto on and after the sale of the Twenty-eighth Series Bonds.

BE IT FURTHER RESOLVED, that the Chairperson or Vice Chairperson and Chief Executive Officer or Vice President Business Planning, Development and Finance are hereby authorized to determine which of the Authority's prior bonds are to be redeemed (the "Refunded Bonds") with a portion of the proceeds of the Twenty-eighth Series B Bonds and to call irrevocably for redemption and to defease the Refunded Bonds all in accordance with the General Bond Resolution. The Chief Executive Officer and Vice President Business Planning, Development and Finance or either one of them are authorized to appoint an underwriter or underwriters, an escrow agent and a verification agent and to execute and deliver any and all purchase, escrow and related agreements necessary to provide for the sale of the Twenty-eighth Series B Bonds and the payment when due of the principal of, interest and the redemption premium, if any, on the Refunded Bonds.

BE IT FURTHER RESOLVED, that the Chairperson, Vice Chairperson, Chief Executive Officer and the Vice President Business Planning, Development and Finance, or any one of them, are hereby authorized to purchase a municipal bond insurance policy to guarantee the payment of principal and interest on the Twenty-eighth Series Bonds, if the Authority's financial advisor or the underwriter for the Twenty-eighth Series Bonds deems it advisable, and execute and deliver such documents as may be necessary or desirable to issue, sell and deliver the Twenty-eighth Series Bonds, including but not limited to, the Purchase Contracts, the Escrow Agreement, the Tax Regulatory Agreement and the Continuing Disclosure Agreements 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 Twenty-eighth Series Bonds 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.

Ms. Lieberman seconded the motion. Mr. Bell requested clarification of the pension disclosure in the preliminary official statement. Ms. Discepolo commented on the conference calls held with the credit rating agencies. After discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 2:55 p.m. the Authority recessed. At 3:05 p.m. the Authority reconvened. The Chair proposed to receive the Update on Accounts Receivable prior to other remaining agenda items. There were no objections.

Ms. Zanella-Dyer provided an update on the RWA accounts receivable collections and call center strategies. She commented on the aging report analysis for residential, industrial, commercial and public authority customers; initiatives regarding receiverships, multi-commercial and locked accounts; and consideration of outsourcing. She reported a consultant would be retained to perform process analysis of the entire dunning process. Ms. Zanella-Dyer provided information concerning call center staffing and metrics. Discussion took place regarding the focus of the consultant's analysis, the reasons for the higher than ideal lost call rate and the multi-faceted approach to collecting accounts receivable.

Mr. Bingaman commented briefly on the Key Performance Indicators (“KPIs”) for the period ended February 28, 2013. He reviewed management’s proposed revisions to KPIs for fiscal year 2014. He stated the proposed KPIs were designed to rationalize the various metrics reported to the Authority, employees and the RPB so that there is as much similarity across the organization as possible. Considerable discussion took place concerning the proposed revisions to the metrics. Mr. Bingaman requested that those present provide comments to him on the revised KPIs for further discussion at a future meeting.

Assignments were made for attendance at second quarter 2013 RPB committee meetings. Brief discussion took place concerning recent RPB committee meetings.

Mr. Bingaman:

- Reported he testified at the legislature’s Planning and Development Committee hearing on the bill to amend the RWA enabling legislation on March 18 and described the process for further consideration of the raised bill by the legislature.
- Stated management received new information regarding applicable United Illuminating charges that changes the economics of the proposed solar project at the Lake Gaillard Water Treatment Plant. He indicated that, even after successful negotiation to reduce the power purchase rates, the annual savings will be considerably less than originally anticipated. Therefore, he stated management recommends that the project not move forward. After discussion, the Authority members concurred with this recommendation.
- Reported that the results of disinfection byproducts (“DBP”) testing at one location violated the permissible limits for DBPs. He stated the test results had been sent to the Department of Public Health and described related notice requirements and remediation techniques under consideration.

At 4:50 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	Aye

Richard G. Bell, Secretary

Attachments:

1. Preliminary Official Statement
2. SCCRWA Supplemental Resolution, 28th Series A
3. SCCRWA Supplemental Resolution, 28th Series B