

South Central Connecticut Regional Water Authority

Minutes of the June 20, 2012 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority was held Wednesday, June 20, 2012 at the office of the Authority, 90 Sargent Drive, New Haven, CT. At the request of Chair DiSalvo, Vice Chair Cermola presided.

Present: Authority – Ms. Lieberman, Messrs. Bell, Cermola, DiSalvo, Marsh
Management – at various times – Mss. Discepolo, Zanella-Dyer, Mr. Bingaman
RPB – Messrs. Borowy, Mongillo
Staff – Ms. Yoder

The Vice Chair called the meeting to order at 8:00 a.m.

On motion duly made by Mr. Bell, seconded by Mr. DiSalvo and unanimously carried, the minutes of the meetings of the Authority held on May 16, 2012 and May 18, 2012 were approved as distributed.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

On motion duly made by Mr. Bell, seconded by Mr. DiSalvo and unanimously adopted, “Global Metrics” was added to the agenda immediately prior to Executive Session.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Ms. Discepolo reviewed the May 2012 monthly financial report. She commented on the most significant variances in operating revenues and expenses and the projected fiscal year 2012 maintenance test. Discussion took place concerning programs deferred in prior years and the extent to which they are reinstated in the fiscal year 2013 budget and Information Technology and Customer Service staffing levels. She reviewed the preliminary unaudited figures for the fiscal year ended May 31, 2012, focusing on the balance sheet. Mr. Bingaman reported expenditure of 98% of the fiscal year 2012 capital budget, excluding contingency and attributed this success to the efforts of the Capital Program Control Team and budget managers.

A schedule of Capital Improvement Budget Expenditures for July 2012 was presented. Mr. DiSalvo moved for adoption of the following resolution:

Resolved, That the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$2,452,000 for the month of July 2012 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund.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requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate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.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

In accordance with the Authority's Capital Budget Amendment Procedure, the Authority was notified in writing of the following fiscal year 2012 capital budget account transfers:

- \$10,300 from State & Redevelopment Pipe to Lake Gaillard Dam Concrete Improvements.
- \$12,500 from State & Redevelopment Pipe to West River Water Treatment Plant Improvements.
- \$12,300 from State & Redevelopment Pipe to Seymour Wellfield Improvements.
- \$64,000 from State & Redevelopment Pipe to Laboratory Equipment.
- \$64,700 from GIS Flyover/Aerial Digitization to SAP Post-Implementation Functionality.

Ms. Discepolo reviewed the information contained in her memorandum dated June 20, 2012 regarding "Distribution of Fiscal Year 2012 Revenue Fund Balance and General Fund Balance per Section 404D of the *General Bond Resolution*." She commented on the funds available for allocation, the required transfer to the Operating Reserve Fund and the transfers proposed by management to the General Fund and from the General Fund to the Rate Stabilization Fund and Construction Fund. Mr. DiSalvo moved for adoption of the following resolution:

Whereas, The Vice President – Business Planning, Development and Finance has and will make certain transfers from the Revenue Fund as required by Section 404D of the General Bond Resolution;

Whereas, the balance remaining in the Revenue Fund after taking into account such transfers as of year-end is approximately \$4,918,600 and pursuant to the General Bond Resolution will be deposited to the General Fund;

Now, therefore, be it hereby resolved, that after such transfer is made to the General Fund, the balance of the General Fund is approximately \$6,791,600.

Mr. Bell seconded the motion and, after brief discussion, the Vice Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. DiSalvo moved for adoption of the following resolution:

Whereas, pursuant to section 410 of the General Bond Resolution, the Authority may apply any moneys in the General Fund to any lawful purpose of the Authority;

Now, therefore, be it hereby resolved by the Regional Water Authority;

The Vice President of Business Planning, Development and Finance is hereby authorized and directed to transfer and pay over from the General Fund, \$1,984,800 to the Rate Stabilization Fund Surplus Sub-account.

Ms. Lieberman seconded the motion and, after brief discussion, the Vice Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. DiSalvo moved for adoption of the following resolution:

Whereas, pursuant to section 410 of the General Bond Resolution, the Authority may apply any moneys in the General Fund to any lawful purpose of the Authority;

Now, therefore, be it hereby resolved by the Regional Water Authority;

The Vice President of Business Planning, Development and Finance is hereby authorized and directed to transfer and pay over from the General Fund, \$917,000 to the Construction Fund.

Mr. Bell seconded the motion and, after brief discussion, the Vice Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Bingaman described the proposed revisions to the fiscal year 2013 Capital Budget totaling \$377,000, resulting in an amended capital budget totaling \$26,973,000. Mr. DiSalvo moved for adoption of the following resolution:

Resolved, That the proposed revisions to the Capital Budget for the Authority for the 2013 fiscal year presented to this meeting, including a revised plan of capital improvements for the 2013 through 2017 fiscal years, is hereby adopted and ordered to be filed with the records and with U.S. Bank National Association pursuant to Section 614 of the General Bond Resolution.

Mr. Bell seconded the motion and, after brief discussion, the Vice Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Bingaman reviewed the Regional Water Authority (“RWA”) Key Performance Indicators (“KPIs”) for the period ended May 31, 2012, focusing on capital expenditures to budget, lost call rate, recordable injuries, estimated meter reads and water quality “near misses”.

Ms. Zanella-Dyer reported on the status of the SAP Phase II implementation, including Go-Live #1 and #2, other improvements implemented as a result of the project, lessons learned, the most recent quality assessment, status of implausibles, call center metrics, the financial status of the project and areas of focus going forward. She stated the next report to the Board would be in September 2012.

At 9:15 a.m., on motion duly made by Mr. DiSalvo and seconded by Mr. Bell, it was voted unanimously to recess the regular meeting to allow the Authority to meet as the Environmental, Health & Safety Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 10:52 a.m. the Authority reconvened and, on motion duly made by Mr. Bell and seconded by Mr. DiSalvo, it was voted unanimously to recess the regular meeting to allow the Authority to meet as the Strategic Planning Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 11:04 a.m. the Authority reconvened.

In accordance with Special Act 77-98, as amended, and Article II of the Representative Policy Board (“RPB”) Bylaws, the weighted vote computation for fiscal year 2013 for the RPB was distributed.

Mr. Bingaman reviewed management’s proposed changes to the RWA enabling legislation. He focused on two newly-proposed changes to (1) amend Section 22 of the Act to clarify that the Authority can approve the refinancing of existing bonds without RPB approval to take advantage of lower interest rates in a timely manner and (2) amend Section 23 of the legislation to extend the time that RWA could issue notes, such as Bond Anticipation Notes, from five to eight years. Authority members reviewed the changes proposed by management and those described in the memorandum from RPB Vice Chair Curseaden dated June 13, 2012. Following discussion, there was a consensus of support for the changes to: (1) expand the ability of RWA to enter into a broader array of water-related enterprises to mitigate pressure on water rates, (2) allow RWA to piggy back on the state’s participation in cooperative purchasing programs, (3) clarify that the Authority can approve the refinancing of existing bonds without RPB approval, (4) extend the time the RWA could issue notes, such as Bond Anticipation Notes, from five to eight years, (5) obtain authorization to sell houses and barns with appropriate building lots situated on RWA Class I and II land, (6) tie periodic adjustments to RPB member compensation to COLA index, or some other process of increasing compensation and (7) change the number of total votes of the RPB to reflect vacancies when calculating the number of votes required to adopt measures before the body. Authority members and management expressed significant reservations regarding the proposed change to give the RPB the ability to modify applications or set conditions on applications.

Authority members reported on recent RPB standing committee meetings. Assignments for attendance at third calendar quarter RPB standing committee meetings were made.

Mr. Bingaman:

- Reported he completed small group meetings with employees to review the Woolpert operating efficiency study results and a goal team, comprised of the Leadership Team, has been formed to study and implement the recommendations, as appropriate.
- Stated he has interviewed three governance consultants and is in the process of selecting a consultant to lead the governance workshop.

Mr. Bingaman distributed a list of potential agenda topics in four broad categories with the goal of being more strategic and streamlining the Authority meetings. He distributed a first draft approach to allow the Authority to spend one meeting per quarter addressing a strategic topic in-depth. The Authority members concurred with the approach.

At 11:44 a.m., on motion duly made by Mr. DiSalvo and seconded by Mr. Bell, it was voted unanimously to recess the regular meeting to allow the Authority to meet as the Pension, Benefit & Compensation Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 12:38 p.m. the Authority reconvened.

Mr. Bingaman described the global metrics compensation system. He indicated that consideration of items related to this compensation system would be included on the agenda for the July Authority meeting. Mr. Bell moved for adoption of the following resolution:

Resolved, That the Authority endorses the concept of the global metrics compensation system as discussed and authorizes management to proceed.

Mr. DiSalvo seconded the motion and, after discussion, the Vice Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Bell reported on the Pension, Benefit & Compensation Committee's discussion of compensation for the Chief Executive Officer. He recalled the compensation of the Chief Executive Officer had not been adjusted for 18 months, commented on the need for compensation to be competitive with similar water utilities, and commended Mr. Bingaman for his outstanding performance. He moved for adoption of the following resolutions:

Resolved, That effective retroactive to January 1, 2012, the base salary of the Chief Executive Officer be increased to \$285,000 and payment of the amount due for the period January 1, 2012 – May 31, 2012 be made as one lump sum; and

Resolved Further, That effective as of June 1, 2012, the base salary of the Chief Executive Officer be increased by four percent (4%); and

Resolved Further, That the annual car allowance for the Chief Executive Officer of \$8,000, described in the letter agreement dated September 8, 2011 between the Chief Executive Officer and the RWA, deferred in October 2011 and December 2011 be paid as soon as practical.

Ms. Lieberman seconded the motion and, after brief discussion, the Vice Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 12:45 p.m. on motion duly made by Mr. DiSalvo and seconded by Mr. Bell, the meeting was adjourned.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Richard G. Bell, Secretary