

South Central Connecticut Regional Water Authority

Minutes of the November 20, 2012 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority was held on Tuesday, November 20, 2012 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 – at various times – Mss. Discepolo, Moran, Soda, Messrs. Bingaman, Chaplik, Flynn, Hudak, Johnson, Norris
RPB – Mr. Borowy
Staff – Ms. Yoder

The Chair called the meeting to order at 8:00 a.m. Chair DiSalvo reordered the agenda to consider item number IV after item number IX. There were no objections.

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:

- A. Approve minutes of the October 17, 2012 meeting.
- B. Approve capital budget authorization for December 2012

Resolved: That the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$2,169,000 for the month of December 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate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.

- C. Receive capital budget transfer notifications detailed in Ms. Discepolo's memo dated November 15, 2012.
- D. Receive Representative Policy Board ("RPB") Dashboard Indicators

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 8:04 a.m., on motion made by Mr. Cermola and seconded by Mr. Bell, it was voted unanimously to recess the regular meeting to allow the Authority to meet as the Pension, Benefit and Compensation Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 8:40 a.m. the Authority reconvened.

Ms. Discepolo reviewed the October 2012 monthly financial report. She commented on the most significant variances in operating revenues and expenses and the projected fiscal year 2013 maintenance test. She responded to questions on the analysis of accounts receivable, focusing on the collection process for multi-tenant properties.

Ms. Discepolo briefly reviewed the 2012 Supplemental Resolution to the General Bond Resolution to increase coverage from 1.12% to 1.14%

After a brief discussion, Mr. Marsh moved for adoption of the following resolution:

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 and the 2010 Supplemental Resolution on Depreciation Expense, adopted August 23, 2010) (the “General Bond Resolution”); and

WHEREAS, Section 901(2) 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 covenants and agreements of the Authority, other covenants and agreements thereafter to be observed by the Authority for the purpose of further securing the Bonds; and

WHEREAS, the Authority desires to add to the covenants and agreements of the Authority to further secure the Bonds.

NOW THEREFORE BE IT RESOLVED by the South Central Connecticut Regional Water Authority that:

1. Section 619 C. (2) of the General Bond Resolution is hereby amended in its entirety as follows:

“(2) Net Revenues as computed in A(3) above are not less than One Hundred **Fourteen** Percent (**114%**) of the maximum aggregate amount of Principal Installments and interest becoming due in the current or any future Fiscal Year on Outstanding Bonds, including the additional Bonds; and”

2. Section 610 E. (1) of the General Bond Resolution is hereby amended in its entirety as follows:

“(1) Net Revenues shall equal at least one hundred **fourteen** percent (**114%**) of the amount of the Debt Service Requirement calculated as of the first day of such Fiscal Year on Bonds Outstanding on such day, less the amounts, if any, transferred from the Construction Fund to the Bond Interest Account during such Fiscal Year, to pay interest becoming due in such Fiscal Year on Bonds Outstanding as of the first day of such Fiscal Year; and”

3. Capitalized terms used herein and not otherwise defined shall have the definitions as set forth in the General Bond Resolution.

4. This Supplemental Resolution shall be effective upon the filing with the Trustee in accordance with Section 901 of the General Bond Resolution, provided, however, that Section 2 of this Supplemental Resolution shall be effective only after the Series of New Money Bonds following the effective date of this Supplemental Resolution has been issued.

Ms. Lieberman seconded the motion, and there being no additional discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 9:05 a.m., on motion made by Mr. Cermola and seconded by Mr. Marsh, it was voted unanimously to recess the regular meeting to allow the Authority to meet as the Audit-Risk Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 9:20 a.m. the Authority reconvened.

On motion duly made by Mr. Bell, seconded by Mr. Cermola and unanimously carried, the proposed schedule of calendar year 2013 regular meeting dates was adopted as presented to the meeting.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Chair DiSalvo and Mr. Bingaman identified future strategic topics. Discussion took place on topics to be discussed at Authority meetings in 2013.

Authority members reported on their attendance at recent RPB standing committee meetings.

Mr. Bingaman reported on two topics:

- Preparation for Hurricane Sandy and the efforts of the employees in securing Regional Water Authority (“RWA”) facilities and computer systems. Mr. Bingaman identified areas of vulnerability that will be addressed in the future.
- The future strategic planning session for the Authority will be held in early March 2013. The purpose of the meeting is to review strategic alternatives and sizing of current business opportunities. Mr. William Patterson has been retained as a consultant to prepare a strategic alternatives study.

Mr. Borowy withdrew from the meeting.

Messrs. Norris and Johnson gave a presentation on the proposed revisions to the RWA Rules and Regulations. They reported on the most significant revisions and changes. They stated management recommends that the approval process include the approval of the RPB to solidify to the highest extent possible approval of the revisions.

After discussion, Mr. Bell moved for adoption of the following resolution:

Resolved, That the proposed revisions to The Rules and Regulations for Water Service and the Rules, Regulations and Rates Governing the Extension of Water Mains be, and they hereby are, approved substantially in the form submitted to the meeting.

Resolved Further, That the proposed revisions be submitted to the Representative Policy Board for consideration and approval.

Mr. Cermola seconded the motion and, after additional discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Ms. Discepolo and Ms. Moran reviewed the proposed 2012 Issuance Test Rate Application and planned issuance of Water System Revenue bonds. In addition to an overview of

the application, their presentation included background information, actions taken to mitigate the rate increase, capital efficiencies implemented, debt refinancing, operating and maintenance efficiencies, long term strategic initiatives and actions taken to improve financial viability. Chair DiSalvo commented on the resolutions to be considered by the Authority with respect to the proposed rate application and to approve the general terms and provisions of the Water System Revenue Bonds.

After discussion, Ms. Lieberman moved for adoption of the following resolutions:

RESOLVED: That the Authority hereby establishes the general terms and provisions of the Authority's Water System Revenue Bonds (the "New Money Bonds") and Water System Revenue Bonds (the "Refunding Bonds" and together with the New Money Bonds, the "Bonds") which are to be issued under its Water System Revenue Bond Resolution, General Bond Resolution adopted by the Authority and approved by the Representative Policy Board on July 31, 1980, as amended (the "General Bond Resolution").

1. The New Money Bonds shall not exceed Forty Million Dollars (\$40,000,000) in aggregate principal amount.
2. The Refunding Bonds shall not exceed One Hundred Million Dollars (\$100,000,000) in aggregate principal amount.
3. The Bonds may be issued as obligations in one or more series pursuant to the General Bond Resolution and a Supplemental Resolution to be adopted by the Authority for each series of bonds, each of which shall specify the amount of the Bonds, the purposes for which the Bonds are to be issued, including a description of the bonds to be refunded with the Refunding Bonds, the date or dates, maturities, sinking fund installments if any, interest rates, series, denominations, form, redemption prices, and such other details of the Bonds as the Authority shall determine in accordance with the limits established by the General Bond Resolution and hereby.
4. The purposes of the New Money Bonds shall be to finance or refinance the cost of certain capital improvements to the water system of the Authority from approximately May 1, 2013 through October 31, 2015 in accordance with a certain capital improvement plan adopted by the Authority on May 18, 2012 and updated on June 20, 2012, as may be amended from time to time, to provide funds for deposit to the Capital Contingency Fund, Debt Reserve Fund, and Operating Reserve Fund, as necessary pursuant to the General Bond Resolution and as permitted by the Code and to pay costs of issuance.
5. The purposes of the Refunding Bonds shall be (i) to fund the redemption and payment in whole or in part of the outstanding principal, interest and call premium, if any, on such portions of the outstanding maturities of the Authority's prior bonds as are determined by the Authority to be expedient and in the best interests of the Authority and which will provide the Authority with a present value debt service savings, (ii) to fund the debt reserve fund, operating reserve fund and capital contingency fund in accordance with the General Bond Resolution, if necessary and (iii) to pay costs of issuance.

6. The Bonds may be sold by negotiation as serial or term bonds with stated maturities and may be sold in a private placement to the State of Connecticut.
7. The form of this resolution entitled “Resolution Approving the Proposed Issuance of Water System Revenue Bonds and Refunding Water System Revenue Bonds,” a copy of which shall be filed with the records of the Authority, shall be submitted to the Representative Policy Board for its approval in accordance with Section 22 of Special Act No. 77-98, as amended.

Mr. Cermola seconded the motion and, after additional discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Ms. Lieberman moved for adoption of the following resolution:

RESOLVED, that the South Central Connecticut Regional Water Authority (the “Authority”), subject to the approval of the Representative Policy Board (“RPB”) pursuant to Section 14 of Special Act 77-98, as amended, hereby establishes water rates and related charges as set forth in the issuance test rate application submitted for discussion at today’s meeting (the “2012 Issuance Test Rate Application”) and listed in its Section 6, “Notice of Public Hearing and Filing of Rates and Other Charges for Water and Related Services,” which shall become effective upon the delivery of the Authority’s Water System Revenue Bonds, as detailed in the resolutions found in Section 6 of the 2012 Issuance Test Rate Application.

BE IT FURTHER RESOLVED, that in light of the information contained in the 2012 Issuance Test Rate Application, the Authority hereby finds that the rates and charges adopted in the foregoing resolution will generate funds in amounts which, together with other funds projected to be available, will suffice for and not be in excess of the amount of funds required as set forth in Section 14 of the Act.

BE IT FURTHER RESOLVED, that the Authority hereby authorizes the submission of an application, substantially in the form of the 2012 Issuance Test Rate Application submitted to this meeting and filed with its records, to the RPB for its approval.

Mr. Cermola seconded the motion and, there being no additional discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Messrs. Chaplik, Hudak and Flynn reviewed the Photovoltaic Renewable Energy System at the North Sleeping Giant Water Treatment Facility Application. The presentation covered the purpose, vendor, the proposed photovoltaic system and economics of the project.

After discussion, Mr. Cermola moved for adoption of the following resolution:

RESOLVED, That the Authority hereby accepts the Application to the Representative Policy Board for Approval of a Photovoltaic Renewable Energy System at the North Sleeping Giant Water Treatment Facility Located in Hamden, CT, substantially in the form submitted to this meeting, and authorizes filing said Application with the Representative Policy Board.

Mr. Bell seconded the motion. Additional discussion focused on the location of the project, use of the power, security, environmental impact, approvals needed and project economics. After discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 11:55 a.m., on motion duly made by Mr. Cermola and seconded by Mr. Marsh, it was voted unanimously to go into executive session to discuss negotiations and personnel matters. Present in executive session were the Authority members, Mr. Bingaman, Mss. Discepolo, Yoder, Soda.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 12:25 p.m. the Authority came out of executive session and, on motion duly made by Mr. Cermola and seconded by Mr. Bell, the meeting was adjourned.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Richard G. Bell, Secretary