

South Central Connecticut Regional Water Authority

Minutes of the March 21, 2012 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority was held Wednesday, March 21, 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 – Mss. Discepolo, Zanella-Dyer, Messrs. Bingaman, Hawley
RPB – Messrs. Borowy, Ricozzi
Woolpert, Inc. – Messrs. Jurkovic, Singer
Staff – Ms. Yoder

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

On motion duly made by Mr. Bell, seconded by Mr. Cermola and carried, the minutes of the meeting of the Authority held on February 15, 2012 were approved as distributed.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Bingaman reviewed the purpose of the operating efficiency and competitiveness assessment; the process used to select a firm to conduct the assessment; and commented on the management effort invested in the assessment. He introduced Messrs. Jurkovic and Singer of Woolpert, Inc. Messrs. Jurkovic and Singer reviewed the departments included in the study, the procedures and methods used to conduct the study, areas measured, best practices used to evaluate Regional Water Authority (“RWA”) operating and maintenance and business support services, assessment results, and key short-, intermediate- and long-term recommendations in the areas of practices, technology and people. They reviewed a cost-benefit summary and commented on elements needed to overcome resistance to change. Mr. Bingaman summarized plans to communicate the assessment results and plan for implementation of the recommendations. Discussion took place and Messrs. Jurkovic, Singer and Bingaman responded to numerous questions.

Ms. Discepolo reviewed the February 2012 monthly financial report. She commented on draft, cash collections, operating revenues, operating expenses, interest income and the projected fiscal year 2012 maintenance test. She reviewed the quarterly financial report, focusing on the balance sheet and projected maintenance test with various assumptions. She reviewed the analysis of accounts receivable.

A schedule of Capital Improvement Budget Expenditures for April 2012 was presented. Mr. Cermola 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 \$3,306,000 for the month of April 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 2012 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. Marsh seconded the motion. After brief discussion, the 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:

- \$85,000 from the Lake Saltonstall Intake Modifications to Lake Gaillard Water Treatment Plant Campus Flow Tube Bypass
- \$25,000 from Ford Street (Ansonia) Tank Painting to Lake Gaillard Water Treatment Plant Improvements - Bulk Chemical Tank Replacements
- \$24,500 from Ford Street (Ansonia) Tank Painting to Sanford Street Pump Station VFD Replacement
- \$4,800 from Ford Street (Ansonia) Tank Painting to Lake Gaillard Water Treatment Plant Deionized Water Purification Unit
- \$2,700 from Ford Street (Ansonia) Tank Painting to 90 Sargent Drive Access Gate Arms.

Ms. Discepolo reviewed the proposed resolution to enable the Authority to take advantage of the current lower interest rate environment and redeem in whole or in part its bonds with higher interest rates. She commented on the bonds to be refunded, the timeline for a potential refunding, the estimated net present value debt service savings based on the current market and the possible need for a deposit in one or more reserve funds. Mr. Cermola moved for adoption of the following resolution:

RESOLVED: That the Authority hereby establishes the general terms and provisions of the Authority's Water System Revenue Refunding Bonds, Twenty-seventh Series (the "Refunding 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 Refunding Bonds shall not exceed Two Hundred Forty Million Dollars (\$240,000,000), in aggregate principal amount.
2. The Refunding Bonds shall be issued pursuant to the General Bond Resolution and a Supplemental Resolution for each series to be adopted by the Authority which shall specify the amount of the Refunding Bonds, the purposes for which the Refunding Bonds are to be issued, including a description of the bonds to be refunded, the date or dates, maturities, sinking fund installments if any, interest rates, series, denominations, form, redemption prices, and such other details of the Refunding Bonds as the Authority shall determine in accordance with the limits established hereby.
3. 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.

4. The Refunding Bonds may be sold by negotiation as serial or term bonds with stated maturities.
5. The Refunding Bonds may be issued as bonds in one or more series, each series bearing interest which is includable or excludable in gross income of the holders thereof.
6. The form of this resolution entitled "Resolution Approving the Proposed Issuance of 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.

Ms. Lieberman seconded the motion. After discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 9:25 a.m., on motion duly made by Mr. Marsh and seconded by Mr. Cermola, it was voted unanimously to recess the regular meeting to allow the Authority to meet as the Environmental, Health and Safety Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 10:35 a.m. the Authority reconvened. Mr. Marsh made a motion to add to the agenda "Consider and Act on Resolution for Purchase of 46+/- Acre Parcel in Killingworth" and "Consider and Act to Authorize Completion of a Feasibility Study re Two Parcels in Madison". Mr. Cermola seconded the motion and the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Marsh moved for adoption of the following resolution:

Resolved, That the Authority hereby authorizes Thomas V. Chaplik, Vice President – Water Quality and Outreach of South Central Connecticut Regional Water Authority, to execute any and all documents relating to the purchase of 46+/- acres located off Burr Hill Road in Killingworth, CT from Alan M. Moss and the Estate of Phyllis M. Lorman for \$670,000 to be paid as follows: A \$50,000 deposit at the time of execution of an agreement to purchase to take place on or before May 31, 2012; a \$100,000 deposit on or before July 31, 2012; a \$100,000 deposit on or before July 31, 2013 with closing to take place on or before July 31, 2014 at which time the balance due will be paid in full. This property is located within the Authority's

Hammonasset Reservoir watershed, and is the second highest priority parcel to be acquired for source water protection.

Mr. Bell seconded the motion. Mr. Marsh reported that the Environmental, Health and Safety Committee recommended approval of the purchase for source water protection. After brief discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Marsh moved for adoption of the following resolution:

Resolved, That the Authority authorizes management to complete a feasibility study to determine the development potential for two non-water system parcels off Summer Hill Road in the Town of Madison that the Madison Land Trust has expressed an interest in acquiring as open space.

Mr. Bell seconded the motion. Mr. Marsh reported that the Environmental, Health and Safety Committee recommended authorization of this feasibility study. After brief discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Marsh withdrew from the meeting.

Mr. Bingaman briefly summarized the overall SAP Phase II stabilization approach. Ms. Zanella-Dyer reviewed realization phase milestones, the status of implausibles and the abandonment rate trend. Mr. Bingaman reviewed Mr. Hawthorne's quality assessment and commented on the areas of effective communication, organizational readiness, schedule adherence and scope control.

At 11:05 a.m., on motion duly 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 Strategic Planning Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Absent

At 11:40 a.m. the Authority reconvened.

Ms. Discepolo commented briefly on the proposed resolutions regarding the Janney Montgomery Scott LLC and Bank of America pension accounts. Mr. Bell moved for adoption of the following resolution:

Be it resolved that Linda Discepolo, VP Business Planning, Development and Finance; Lucy Moran, Controller; Robert Olejarczyk, Assistant Controller, are hereby authorized to enter orders to purchase, sell or sell short securities of every kind and description for and on behalf of

this Organization, and to sell, assign and endorse or transfer certificates representing stocks, bonds, or other securities registered in the name or for the account of this public instrumentality and political subdivision.

Mr. Cermola seconded the motion. After brief discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Absent

Mr. Cermola moved for adoption of the following resolution:

Resolved: That the officer whose name and title appears below [Richard G. Bell, Trustee] (referred to as the “Designating Officer”) acting singly, shall have full power and authority to designate officers of the Company (including himself or herself) as Authorized Representatives who, acting singly, shall have the power to take any and all actions related to the Company’s assets held in the Account Number (see list), including, but not limited to (i) delivering to the Bank any and all instructions regarding the disposition of the Bank stock, if any, held in the Account (including the stock of its parent company, Bank of America Corporation, and any other successor or affiliated entity); (ii) terminating the Agreement and closing the Account and directing delivery of remaining assets; (iii) that under the Agreement two or more of the Company’s officers shall be authorized to effect funds transfers on the Company’s behalf (including the authority to debit and withdraw funds from the Company’s Accounts maintained with the Bank); (iv) that in order to accomplish the foregoing, the Designating Officer acting singly, shall have full power and authority to change the Keyword used by the Bank to identify the Company, and; (v) to designate two or more of the Company’s officers (including himself or herself) as Authorized Representatives who shall in turn, have the power and authority to effect funds transfers, including the power to: (A) debit and withdraw funds from the Company’s Accounts via wire transfer instructions, (B) choose and change the Keyword used by the Bank to identify the Company, and (C) take any other action, including execution of further documents, necessary to effect transfers under the Funds Transfer Agreement.

Ms. Lieberman seconded the motion. After discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Absent

Authority members reported on their attendance at recent RPB committee meetings. Assignments for attendance at second quarter 2012 committee meetings were made.

Mr. Bingaman:

- Announced management had selected a new financial advisor and described financial arrangements with that advisor.
- Reviewed several customer service metric trends.
- Reported he joined the Griffin Hospital Board of Directors.

At 11:52 a.m., on motion duly made by Mr. Bell and seconded by Mr. Cermola, it was voted unanimously to go into executive session to discuss real estate acquisition. Present in executive session were the Authority members, Messrs. Bingaman, Chaplik, Mss. Discepolo, Yoder.

At 12:35 p.m. the Authority came out of executive session and, on motion duly made by Mr. Cermola and seconded by Ms. Lieberman, the meeting was adjourned.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Absent

Richard G. Bell, Secretary