

## South Central Connecticut Regional Water Authority

### Minutes of the April 18, 2012 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority was held Wednesday, April 18, 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, DiGianvittorio, Soda, Zanella-Dyer, Messrs. Bingaman, Chaplik, Norris, Rugar  
RPB – at various times – Messrs. Borowy, Curseaden  
The Center for Research – Messrs. Quatrocelli, Vigeant  
Hawthorne Associates – Mr. Hawthorne  
Staff – Ms. Yoder

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

The Authority reviewed the proposed capital budget for fiscal year 2013. Mr. Bingaman commented on the sizing of the capital budget, the contingency included in the budget and expected carryover amounts from the fiscal year 2012 capital budget. He stated in fiscal year 2013 state and redevelopment pipe will be self-funded through a new Construction Fund Revolving Account and budgets for capital pipe and cleaning and lining reflect the December 2011 “Underground Asset Management Plan.” Ms. Zanella-Dyer and Messrs. Chaplik, Norris and Rugar summarized highlights of the fiscal year 2013 capital budget. Mr. Norris briefly described the five-year Capital Improvement Program for fiscal years 2013-2017. Discussion focused on areas of increased efficiency, the process for development of the capital budget and project prioritization.

Mr. Curseaden entered the meeting.

On motion duly made by Mr. Cermola, seconded by Mr. Bell and unanimously adopted, “Consideration of Supplemental Resolution: Water System Revenue Twenty-seventh Series Refunding Bonds” was added to the agenda as Item IVD.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

On motion duly made by Mr. Marsh, seconded by Mr. Bell and unanimously carried, the minutes of the meeting of the Authority held on March 21, 2012 were approved as distributed.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 10:07 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 Audit-Risk Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 10:32 a.m. the Authority reconvened.

Ms. Discepolo reviewed the March 2012 monthly financial report. She commented on draft, cash collections, operating revenues, operating expenses, interest income and the projected fiscal year 2012 maintenance test. Discussion took place concerning the expected draw from the Rate Stabilization Fund, the difficulty of extracting additional efficiency from the organization and several aspects of the plan to increase financial stability. She reviewed the analysis of accounts receivable.

Mr. Borowy entered the meeting.

A schedule of Capital Improvement Budget Expenditures for May 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 \$4,471,000 for the month of May 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. Bell seconded the motion. After discussion regarding the projected expenditure of 95% of the total 2012 fiscal year capital budget, 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:

- \$21,000 from North Cheshire Wellfield Electrical Service Upgrade to Distribution/Construction Safety Equipment
- \$50,000 from State and Redevelopment Pipe to Lake Gaillard Flow Tube Bypass
- \$75,000 from Lake Saltonstall Intake Modifications to Meters
- \$75,000 from Lake Saltonstall Water Treatment Plant Residuals Collection System Phase II to Meters
- \$50,000 from Saltonstall Ridge Tank Painting to Meters.

Ms. Discepolo reviewed the proposed supplemental resolution providing for the issuance, sale and delivery of the Twenty-seventh Series refunding 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 March 21, 2012, the Authority adopted and on March 22, 2012, the Representative Policy Board (the “RPB”) approved the resolutions which established the general terms and provisions of the Authority’s Water System Revenue Refunding Bonds, Twenty-seventh Series (the “Twenty-seventh Series Bonds”) in the aggregate principal amount not to exceed \$240,000,000 to finance, among other things, 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-seventh 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-seventh Series Bonds in an amount not to exceed \$240,000,000, and (ii) to determine the amount, date, date of maturity, interest rate, form and other details of the Twenty-seventh Series 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-seventh Series Supplemental Resolution authorizing the issuance of the Twenty-seventh Series 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 for the purpose of providing for the public offering and sale of the Twenty-seventh Series Bonds and further setting forth information relating to the Twenty-seventh 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-seventh 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-seventh 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-seventh Series 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-seventh Series 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-seventh Series Bonds, if the Authority's financial advisor or the underwriter for the Twenty-seventh Series Bonds deems it advisable, and execute and deliver such documents as may be necessary or desirable to issue, sell and deliver the Twenty-seventh Series Bonds, including but not limited to, the Purchase Contract, the Escrow Agreement, the Tax Regulatory Agreement and the Continuing Disclosure Agreement 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-seventh 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.

Mr. Bell seconded the motion. After brief discussion concerning the benefits and risks of the refunding, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Bingaman reviewed the overall status of the SAP Phase II stabilization project. Ms. Zanella-Dyer reviewed realization phase milestones, the status of implausibles, customer service call wait time and the abandonment rate trend. Mr. Hawthorne summarized his April quality assessment.

Messrs. Vigeant and Quatrocelli of The Center for Research reviewed the background, methodology and results of a telephone customer satisfaction survey with approximately 150 Regional Water Authority ("RWA") customers who had a telephone contact with the RWA during the months of January or February 2012. Mr. Bingaman stated the results would be shared with the Representative Policy Board ("RPB") Consumer Affairs Committee in early May and the full RPB at its May meeting

At 12:35 p.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 Pension, Benefit and Compensation Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 1:03 p.m. the Authority reconvened.

Mr. Bell stated that the Pension, Benefit and Compensation Committee recommended that the interest rate assumption used to calculate contributions to the retirement plans and the Retired Employees' Contributory Welfare Trust be reduced from 8.25% to 8.00% and the assumption regarding healthcare cost trend used to calculate contributions to the Retired Employees' Contributory Welfare Trust be increased from 8.75% to 12.00%. He briefly reported on the Committee's discussion. He moved for adoption of the following resolutions:

**Resolved**, That the interest rate assumption used to calculate contributions to the South Central Connecticut Regional Water Authority Retirement Plan be reduced from 8.25% to 8.00% effective for the January 1, 2012 plan year;

**Resolved**, That the interest rate assumption used to calculate contributions to the South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan be reduced from 8.25% to 8.00% effective for the January 1, 2012 plan year;

**Resolved**, That the discount rate used to calculate contributions to the South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Trust be reduced from 8.25% to 8.00% effective for the January 1, 2012 plan year;

**Resolved**, That the actuarial assumption regarding healthcare cost trend used to calculate contributions to the South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Trust be increased from 8.75% to 12.00% effective for the January 1, 2012 plan year; and

**Resolved**, That the appropriate officers of the Authority be, and they hereby are, authorized, empowered and directed to take any and all additional action which they deem necessary or appropriate to implement the above resolutions.

Mr. Cermola seconded the motion and the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

The Chair reported that the Office of Consumer Affairs requested two confidential reports as part of his review of the Authority's Application for Approval of a Project for the Design and Construction of a Water Transmission Main in North High Street and Mill Street in East Haven, Connecticut that management believes are exempt from disclosure under the Freedom of Information Act. Mr. Cermola moved for adoption of the following resolution:

WHEREAS, the Authority wishes to provide certain confidential information in support of its Application to the Representative Policy Board for Approval of a Project for the Design and Construction of a Water Transmission Main in North High Street and Mill Street in East Haven, Connecticut that the Authority considers "critical information" and believes to be exempt from disclosure under the Freedom of Information Act;

NOW THEREFORE BE IT

RESOLVED, that the Authority authorizes its Chairperson and the Chief Executive Officer to file a motion and related materials with the Representative Policy Board to request issuance of a protective order to maintain confidential the 2008 Tighe & Bond Study and the July 2011 "New Haven Service Area Improvements Study, Phase 2 Final Report" by Tata & Howard,

Inc. provided in response to the Office of Consumer Affairs' Request for Production or Inspection of Documents in connection with the Authority's Application.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

The Authority considered its proposed master calendar for fiscal year 2013. Brief discussion took place. The calendar was adopted as presented.

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

Mr. Bingaman:

- Reported on his discussions with Ms. Lieberman regarding non-core revenue opportunities.
- Shared information concerning the RWA Manager of Communication and Outreach's participation in an upcoming charitable walk.

At 1:13 p.m., on motion duly made by Mr. Bell and seconded by Mr. Cermola, it was voted unanimously to go into executive session to discuss pending litigation and real estate acquisition. Present in executive session were the Authority members, Messrs. Bingaman, Chaplik, Mss. Discepolo, Soda, Yoder.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 1:48 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

Attachments:

1. Twenty-seventh Series Supplemental Resolution
2. Preliminary Official Statement.