

South Central Connecticut Regional Water Authority

Minutes of the June 15, 2011 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority was held Wednesday, June 15, 2011 at the office of the Authority, 90 Sargent Drive, New Haven, CT. At the request of the Chair, Vice Chair Cermola presided.

Present: Authority – Messrs. Bell, Cermola, DiSalvo, Edge, Marsh
Management – Mss. DiGianvittorio, Discepolo, Powell, Messrs. Bingaman, Chaplik
RPB – Ms. Gutierro, Messrs. Borowy, Mongillo
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. Marsh and unanimously carried, the minutes of the meetings of the Authority held on May 18, 2011 and May 20, 2011 were approved as distributed.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Ms. Discepolo reviewed the May 2011 monthly financial report. She commented on draft, cash collections, operating revenues, operating expenses, interest income and the projected fiscal year 2011 maintenance test. Ms. Discepolo reviewed the analysis of accounts receivable. She reviewed the preliminary unaudited figures for the fiscal year ended May 31, 2011, focusing on the balance sheet. Discussion took place concerning the level of assets, allowance for doubtful accounts and the leverage calculation.

A schedule of Capital Improvement Budget Expenditures for July 2011 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 \$2,286,000 for the month of July 2011 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate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 Vice Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Mr. Bingaman described the proposed revisions to the fiscal year 2012 Capital Budget, resulting in an amended capital budget totaling \$29,164,000. Mr. DiSalvo moved for adoption of the following resolution:

Resolved, That the proposed revisions to the Capital Budget for the Authority for the 2012 fiscal year presented to this meeting, including a revised plan of capital improvements for the 2012 through 2016 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. Discussion took place concerning the reasons for the carryovers, implementation of a Program Control Group, use of project management software and the adequacy of available staff hours. After discussion, the Vice Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Ms. Discepolo reviewed the information contained in her memorandum dated June 15, 2011 regarding "Distribution of Fiscal Year 2011 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. 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 \$3,713,900 and pursuant to the General Bond Resolution will be deposited to the General Fund;

Resolved, after such transfer is made to the General Fund, the balance of the General Fund is approximately \$3,873,500.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	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 – Business Planning, Development and Finance is hereby authorized and directed to transfer and pay over from the General Fund, \$2,000,000 to the Rate Stabilization Fund Surplus Sub-account.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Ms. Discepolo reviewed the proposed supplemental resolutions providing for the issuance, sale and delivery of the Twenty-sixth Series Bonds. Mr. Bell moved for adoption of the following resolutions:

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 February 16, 2011, the Authority adopted a resolution which established the general terms and provisions of the Authority’s Water System Revenue Bonds, which may be issued in one or more series as obligations bearing interest which is includable or excludable (the “Twenty-Sixth Series Bonds”) in gross income of the owners thereof ; and

WHEREAS, on May 19, 2011 the Representative Policy Board (the “RPB”) adopted a resolution approving the issuance of the Twenty-sixth Series Bonds in the maximum principal amount of \$47,000,000.

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-sixth Series Bonds in an amount not to exceed \$47,000,000, and (ii) to determine the amount, date, date of maturity, interest rate, form and other details of the Twenty-sixth Series Bonds, pursuant to the Act, 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-sixth Series Supplemental Resolution authorizing the issuance of the Twenty-sixth 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 as set forth in the Certificate of Determination attached thereto.

BE IT FURTHER RESOLVED, that for the purpose of providing for the public offering and sale of the Twenty-sixth Series Bonds and further setting forth information relating to the Twenty-sixth Series Bonds, an official statement (the "Official Statement"), substantially in the form attached hereto as **Exhibit B** and made a part hereof 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; 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-sixth Series 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-sixth Series Bonds and a reserve fund surety bond to deposit into the Debt Reserve Fund and to execute and deliver such documents as may be necessary or desirable to issue, sell and deliver the Twenty-sixth Series Bonds, including but not limited to, the Tax Regulatory Agreement, the Bond Purchase Agreement, if any, 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-sixth 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. Edge seconded the motion. After discussion, the Vice Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Mr. Bingaman reviewed the Regional Water Authority ("RWA") Key Performance Indicators ("KPIs") for the period ended May 31, 2011. He commented on several KPIs including the lost call rate, recordable injuries, accounts receivable and estimated meter reads. Ms. Gutierrez withdrew from the meeting.

Mr. Chaplik and Ms. Powell described the Regional Water Authority Corporate Communications Plan, including the situation analysis, communications objectives, communications strategies, audiences, communications tactics, measurement efforts and next steps.

At 9:50 a.m., on motion duly made by Mr. Edge and seconded by Mr. DiSalvo, it was voted unanimously to adjourn the regular meeting to allow the Authority to meet as the Strategic Planning Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 9:55 a.m. the Authority reconvened. On motion duly made by Mr. DiSalvo and seconded by Mr. Cermola, it was voted unanimously to adjourn the regular meeting to allow the Authority to meet as the Environmental, Health & Safety Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 10:15 a.m. the Authority reconvened. On motion duly made by Mr. DiSalvo and seconded by Mr. Cermola, it was voted unanimously to adjourn the regular meeting to allow the Authority to meet as the Pension, Benefit & Compensation Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 10:25 a.m. the Authority reconvened. Mr. Marsh moved for adoption of the following resolution:

Whereas, Mercer Investment Consulting, Inc. (“Mercer”) has signed a definitive agreement to acquire Evaluation Associates LLC, and

Whereas, the consulting agreement between South Central Connecticut Regional Water Authority and Evaluation Associates LLC cannot be assigned by either party without the consent of the other,

Now therefore be it,

Resolved, That the South Central Connecticut Regional Water Authority consents to the assignment of its consulting agreement with Evaluation Associates LLC to Mercer and authorizes the Chair of its Pension, Benefits & Compensation Committee to confirm that consent by signing the letter from Evaluation Associates dated June 1, 2011.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

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 2012 for the RPB was distributed.

Assignments for attendance at third calendar quarter RPB standing committee meetings were made.

Mr. Bingaman:

- Provided an update on customer call center activity and performance statistics.
- Provided an update on the status of SAP post-implementation activities.
- Reported on the progress of stakeholder discussions regarding the proposed stream flow regulations.
- Commented on the status of bills of interest to the RWA as of the close of the recent legislative session.

- Reported management terminated its contract with Chronus for strategic development.

Messrs. Borowy and Mongillo withdrew from the meeting.

Mr. Bingaman commented on the Supplemental Submission re the Authority's Application for Amendment to Land Use Plan to allow for the development of renewable economic resources on Authority lands, subject to required regulatory approvals. He stated the submission is in response to the RPB's May 19, 2011 resolution. Mr. DiSalvo moved for adoption of the following resolution:

Resolved, That the Authority hereby adopts the proposed Application for Amendment to Land Use Plan Supplemental Submission to allow for the development of all renewal economic resources on Authority lands, substantially in the form submitted to this meeting, and recommends approval by the Representative Policy Board of said Application in accordance with Section 18(b) of Special Act 77-98, as amended.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 10:50 a.m. on motion duly made by Mr. DiSalvo and seconded by Mr. Edge it was voted unanimously to go into executive session to discuss personnel. Present in executive session were the Authority members. Mss. DiGianvittorio, Discepolo, Yoder and Mr. Bingaman were also present from 10:50 – 11:05 a.m.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 11:15 a.m. the Authority came out of executive session.

Vice Chair Cermola stated that in accordance with the terms of Mr. Bingaman's agreement with the Regional Water Authority, Mr. Bingaman notified the Authority by letter dated June 15, 2011 of his desire to extend his agreement for another term. Mr. Edge moved for adoption of the following resolutions:

Resolved, That the Authority hereby determines to extend its agreement with Larry L. Bingaman, President and Chief Executive Officer, for an additional term of three (3) years through December 31, 2014.

Resolved Further, That the Authority authorizes its Chairperson to notify Mr. Bingaman of its intent to extend the agreement and to enter into an appropriate letter agreement with Mr. Bingaman outlining certain terms of his employment consistent with those currently in effect with the addition of an annual car allowance, payable in lump sum with the first payment in October 2011.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Mr. DiSalvo made a motion to add “Consider and Act on Pay for Performance Program Concept” to the agenda. Mr. Bell seconded the motion and the Vice Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Mr. Bell moved for adoption of the following resolution:

Resolved, That the Authority endorses the general concept of the pay for performance program for management employees described in executive session.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

On motion duly made by Mr. Bell and seconded by Mr. Edge, the meeting was adjourned at 11:20 a.m.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

C. Anthony Edge, Secretary

Attachments:

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