

South Central Connecticut Regional Water Authority

Minutes of the February 16, 2011 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority was held Wednesday, February 16, 2011 at the office of the Authority, 90 Sargent Drive, New Haven, CT, Chair DiSalvo presiding.

Present: Authority – Messrs. Bell, Cermola, DiSalvo, Edge, Marsh
Management – at various times – Mss. Discepolo, Moran, Messrs. Bingaman, Norris
RPB – at various times – Messrs. Albrecht, Borowy, Curseaden, Mongillo
Office of Consumer Affairs – Mr. Donofrio
R.W. Beck – Mr. Steiman
Staff – Ms. Yoder

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

On motion duly made by Mr. Cermola, seconded by Mr. Edge and unanimously carried, the minutes of the meeting of the Authority held on January 19, 2011 were approved as distributed.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 8:01 a.m., on motion duly made by Mr. Bell and seconded by Mr. Marsh, 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 9:05 a.m. the Authority reconvened and, on motion immediately made by Mr. Edge and seconded by Mr. Cermola, it was voted unanimously to adjourn the regular meeting to allow the Authority to meet as the Audit-Risk Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 9:25 a.m. the Authority reconvened.

Ms. Discepolo reviewed the January 2011 monthly financial report. She commented on draft, cash collections, operating revenues, operating expenses, interest income and the projected fiscal year 2011 maintenance test. She reviewed the analysis of accounts receivable and responded to questions.

A schedule of Capital Improvement Budget Expenditures for March 2011 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 \$1,626,000 for the month of March 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate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 2011 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. At the close of discussion, the Chair called for the vote.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

In accordance with the Authority's Capital Budget Amendment Procedure, a request to amend the Fiscal Year 2011 Capital Budget to reallocate funds from the Ansonia/Derby West Side Tank project to the SAP Post-Implementation Functionality project was presented. Mr. Bell moved for adoption of the following resolution:

Resolved, That the Authority approves the transfer of \$470,000 from the fiscal year 2011 Ansonia/Derby West Side Tank capital budget account to the SAP Post-Implementation Functionality fiscal year 2011 capital budget account, as described in the Capital Budget Amendment Request Form dated February 9, 2011 that is to be filed with the records.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

In accordance with the Authority's Capital Budget Amendment Procedure, the Authority was notified in writing of transfers from the Cleaning & Cement Lining fiscal year 2011 capital budget account to the Natural Resources Roof Replacements (\$25,000), Pump Station Roof Replacements – Various Locations (\$25,000), Treatment Facilities Roof Replacements – Various Locations (\$30,000), Customer Contact Area Improvements (\$30,000), Derby Wellfield Chemical Transfer Automation (\$78,000), Underground Chamber Improvements (\$30,000) and Safety Vac (\$6,600) fiscal year 2011 capital budget accounts.

The Chair proposed to reorder the agenda to consider "RPB Committee Assignments and Reports on RPB Committee Meetings" prior to other remaining agenda items. There were no objections.

Authority members reported briefly on recent RPB standing committee meetings they attended.

Mr. Bingaman reviewed the objectives of the Capital Improvement Plan Review completed by R.W. Beck, Inc. Mr. Howard Steiman, Senior Project Manager, R.W. Beck, summarized the methodology, major findings and observations, and suggestions resulting from the review. Mr. Norris reviewed the response of the Capital Efficiency-Program Methodologies Strategic Plan Goal Team to Beck's recommendations for potential program enhancements and highlighted changes that have been implemented for development of the fiscal year 2012 capital budget. Discussion took place throughout the presentation.

Mr. Bingaman reviewed the Regional Water Authority ("RWA") Key Performance Indicators ("KPIs") for the period ended January 31, 2011. He commented on several KPIs including the lost call abandonment rate, number of recordable injuries, unaccounted for water and estimated meter reads. He reviewed the reasons for the elimination of the average daily production to budget, reservoir storage to long-term average, number of hours of training per employee, number of periodic meter change-outs and technical product quality and delivery complaints KPIs. After discussion, it was agreed to continue to include the number of hours of training per employee and technical product quality and delivery complaints KPIs, although calculations will not be available for either in the short-term.

At 11:28 a.m., on motion duly made by Mr. Edge and seconded by Mr. Cermola, 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 12:10 p.m. the Authority reconvened.

Mr. Bingaman:

- Reported on the status of stakeholder discussions with Department of Environmental Protection staff regarding the proposed stream flow regulations and legislation introduced relating to the proposed regulations.
- Reported on progress to reduce the Customer Service call back backlog and lost calls and improve the process associated with property closings.

Mr. Bingaman stated management sought authorization to prepare an application to amend the applicable sections of the 1996 Land Use Plan that contemplate renewable economic resources. He briefly described the discussions with a potential external business partner leading up to this request. Mr. Marsh moved for adoption of the following resolution:

Resolved, That the Authority authorizes management to prepare an amendment to the 1996 Land Use Plan to substitute language to broadly allow all renewable resource development within certain land use designations or zones, subject to any regulatory approvals at the federal, state and local levels, rather than site specific projects.

Mr. Cermola seconded the motion. Mr. Marsh summarized his discussions with Mr. Chaplik regarding the need to prepare a Land Use Plan amendment and commented that the amendment will help create an environment where renewable energy applications may be considered. Members

discussed the use of Class I land for potential renewable energy projects. At the conclusion of discussion, the Chair called for the vote.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 12:55 p.m., on motion duly made by Mr. Cermola and seconded by Mr. Bell, it was voted unanimously to go into executive session to discuss strategy and negotiations related to the proposed Issuance Test Rate Application. Present in executive session were the Authority members, Mr. Bingaman and Mss. Discepolo, Moran and Yoder.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 2:25 p.m. the Authority came out of executive session. Prior to this time, all members of the RPB had withdrawn from the meeting.

Ms. Discepolo and Mr. Bingaman reviewed the proposed 2011 Issuance Test Rate Application and planned issuance of Water System Revenue Bonds. 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.

Mr. Cermola moved for adoption of the following resolutions:

RESOLVED: That the Authority hereby approves the following general terms and provisions of the Authority's Water System Revenue Bonds, (the "Bonds") to be issued pursuant to the 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 Bonds shall not exceed Forty-Seven Million Dollars (\$47,000,000) in aggregate principal amount.
2. The Bonds may be issued as obligations in one or more series (i) bearing interest which is includable in gross income of the owners thereof and which may be issued as "Build America Bonds" and (ii) bearing interest which is excludable from gross income of the owners thereof under Section 103 of the Internal Revenue Code of 1986 (the "Code").
3. The Bonds shall be issued pursuant to the General Bond Resolution and a Supplemental Resolution or Supplemental Resolutions to be adopted by the Authority which shall specify the amount of the Bonds, the appropriate series designation and election under the applicable section of the Code, if necessary, the purposes for which the Bonds are to be issued, the date or dates, maturities, sinking fund installments if any, interest rates, 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 as permitted by the Code and this resolution.

4. The purpose of the Bonds shall be to finance or refinance the cost of certain capital improvements to the water system of the Authority from approximately August 1, 2011 through January 31, 2013 in accordance with a certain capital improvement plan adopted by the Authority on May 21, 2010, 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 Bonds may be sold by competitive bid or negotiation as serial or as term bonds with stated maturities and may be sold in a private placement to the State of Connecticut.

BE IT FURTHER RESOLVED: that the form of this resolution entitled “Resolution Approving the Proposed Issuance of 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 the Act.

Mr. Edge seconded the motion. Discussion reflected members’ concern that the rate application as proposed came very close to not raising sufficient funds, given the need set forth in the application to use monies from the Rate Stabilization Fund to meet the maintenance test in fiscal year 2012 due to the lag in collecting funds resulting from the rate increase, if approved. Mr. Bingaman and Ms. Discepolo reviewed factors considered by management in preparing the rate application and stated management felt it was unwise to request a larger rate increase in this application. After discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Mr. Cermola moved for adoption of the following resolutions:

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 “2011 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 2011 Issuance Test Rate Application.

BE IT FURTHER RESOLVED, that in light of the information contained in the 2011 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 2011 Issuance Test Rate Application submitted to this meeting and filed with its records, to the RPB for its approval.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Ms. Discepolo distributed a draft letter transmitting the application to the Representative Policy Board. Members made several suggestions with respect to the letter. Mr. Cermola moved for adoption of the following resolution:

Resolved, That the Authority authorizes its Chair to sign a letter transmitting the Issuance Test Rate Application to the Representative Policy Board, substantially in the form submitted to the meeting.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 2:32 p.m., on motion duly made by Mr. Cermola and seconded by Mr. Edge, it was voted unanimously to go into executive session to discuss acquisition of real estate. Present in executive session were the Authority members, Mr. Bingaman and Mss. Discepolo, Moran and Yoder.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 2:40 p.m. the Authority came out of executive session and, on motion duly made by Mr. Cermola and seconded by Mr. Edge, the meeting was adjourned.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

C. Anthony Edge, Secretary