

## South Central Connecticut Regional Water Authority

### Minutes of the April 20, 2011 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority was held Wednesday, April 20, 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, DiGianvittorio, Ryan, Messrs. Bingaman, Chaplik, Norris, Rugar  
RPB – at various times – Ms. Dybas, Mr. Borowy  
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 2012. Mr. Bingaman commented on the sizing of the capital budget, the contingency included in the budget and expected carryover amounts from the fiscal year 2011 capital budget. He stated management used SAIC's expected budget ranges and a refined prioritization process to develop the proposed budget. Ms. Ryan and Messrs. Chaplik, Norris and Rugar summarized highlights of the fiscal year 2012 capital budget. Mr. Rugar described the multi-year prioritization methodology used for the five-year capital improvement program ("CIP") and Mr. Norris briefly described the five-year CIP for fiscal years 2012-2016.

Ms. Dybas and Mr. Borowy entered the meeting.

Mr. Bell made a motion to add to the agenda "Consider and Act on a Change in Actuarial Assumption for the Authority's Retirement Plans and Retired Employees' Contributory Welfare Trust" immediately following agenda item VII. Mr. Marsh seconded the motion. There being no discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

On motion duly made by Mr. Cermola, seconded by Mr. Marsh and unanimously carried, the minutes of the meeting of the Authority held on March 16, 2011 were approved as distributed.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 10:05 a.m., on motion duly made by Mr. Cermola and seconded by Mr. Edge, 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 10:15 a.m. the Authority reconvened.

Ms. Discepolo reviewed the March 2011 monthly financial report. She commented on draft, cash collections, operating revenues, operating expenses, interest income and the projected fiscal year 2011 maintenance test. Discussion took place concerning factors affecting non-seasonal draft and methods to assure long-term financial viability in the context of declining demand. Ms. Discepolo reviewed the analysis of accounts receivable and responded to questions.

A schedule of Capital Improvement Budget Expenditures for May 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 \$4,554,000 for the month of May 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. Edge seconded the motion. Discussion took place concerning capital budget fiscal year to date and projected expenditures versus budget. 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, the Authority was notified in writing of a transfer of \$25,000 from the Cleaning & Cement Lining fiscal year 2011 capital budget account to the Total Organic Carbon Analyzer fiscal year 2011 capital budget account.

Mr. Bingaman reviewed the Regional Water Authority ("RWA") Key Performance Indicators ("KPIs") for the period ended March 31, 2011. He commented on several KPIs including lost call abandonment, recordable injuries and estimated meter reads and described related mitigation efforts.

Mr. Borowy withdrew from the meeting.

At 11:00 a.m., on motion duly made by Mr. Cermola and seconded by Mr. Edge, 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 11:22 a.m. the Authority reconvened and, 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 11:40 a.m. the Authority reconvened.

Mr. Bell stated that the Pension, Benefit and Compensation Committee recommended that the return on investment assumption for the retirement plans and the Retired Employees' Contributory Welfare Trust be reduced from 8.50% to 8.25%. He stated the Committee was not recommending a change to the current 4.00% projected salary increase assumption. He briefly reported on the Committee's discussion. He moved for adoption of the following resolutions:

**Resolved**, That the actuarial assumption regarding the rate of return on investments used to calculate contributions to the South Central Connecticut Regional Water Authority Retirement Plan be reduced from 8.50% to 8.25% effective for the January 1, 2011 plan year;

**Resolved**, That the actuarial assumption regarding the rate of return on investments used to calculate contributions to the South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan be reduced from 8.50% to 8.25% effective for the January 1, 2011 plan year;

**Resolved**, That the actuarial assumption regarding the rate of return on investments used to calculate contributions to the South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Trust be reduced from 8.50% to 8.25% effective for the January 1, 2011 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 in order to implement the above resolutions.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

The Authority considered its proposed master calendar for fiscal year 2012. Brief discussion took place. The calendar was adopted as presented.

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

Mr. Bingaman:

- Provided an update on customer call center activity.
- Reported on the status of stakeholder discussions regarding the proposed stream flow regulations and legislation introduced relating to the proposed regulations.

Chair DiSalvo briefly described the minor amendment to the Issuance Test Rate Application filed to correct the proposed wholesale rate for the service area, excluding Ansonia, Derby and Seymour. Mr. Bell moved for adoption of the following resolution:

**Whereas**, Regional Water Authority management discovered a calculation error in the wholesale rate contained in the 2011 Issuance Test Rate Application (the "Application") reviewed by the Authority at its February 16, 2011 meeting and filed with the Representative Policy Board (the "RPB") on February 24, 2011 after the Application was filed with the RPB;

**Whereas**, on March 18, 2011 the Authority Chairperson submitted an amendment to the Application to the RPB to correct the proposed wholesale rate for the service area, excluding Ansonia, Derby and Seymour;

**Now therefore be it**

**Resolved**, that the Authority hereby confirms and ratifies the action taken by its Chairperson to submit to the RPB an amendment to the Application to correct the proposed wholesale rate for the service area, excluding Ansonia, Derby and Seymour.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Ms. Dybas withdrew from the meeting.

Mr. Bingaman briefly reviewed a proposed application to the Representative Policy Board for approval of an amendment to the Land Use Plan to allow for the development of renewable economic resources on Authority lands, subject to regulatory approvals at the federal, state and local levels, as required. Mr. Bell moved for adoption of the following resolution:

**Resolved**, That the Authority hereby adopts the proposed Application for Amendment to Land Use Plan to allow for the development of all renewable 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. Cermola seconded the motion. After discussion concerning the purpose of the application and several aspects of the application, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 12:30 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 acquisition of real estate and personnel. Present in executive session were the Authority members, Mr. Bingaman and Ms. Yoder. Ms. Discepolo was also present from 12:30 p.m. until 12:45 p.m.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 1:15 p.m. the Authority came out of executive session.

On motion duly made by Mr. Cermola and seconded by Mr. Edge, the meeting was adjourned at 1:15 p.m.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

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C. Anthony Edge, Secretary