

South Central Connecticut Regional Water Authority

Minutes of the May 15, 2014 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority was held Thursday, May 15, 2014 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, Kowalski, Soda, Mr. Bingaman
RPB – Messrs. Borowy, Marino
Staff – Ms. Yoder

The Chair called the meeting to order at 12:30 p.m. He proposed to remove consideration of the capital budget authorization for June 2014 from the consent agenda and consider it at the end of the meeting after consideration of the fiscal year 2015 budgets. There were no objections.

At 12:31 p.m., on motion made by Mr. Bell and seconded by Mr. Cermola, 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 2:40 p.m. the Authority reconvened.

Mr. Bell stated that the Pension, Benefit and Compensation Committee recommended that the Regional Water Authority (“RWA”) make the following contributions to its retirement plans and the Retired Employees’ Contributory Welfare Trust during fiscal year 2015, as calculated in the actuarial valuation as of January 1, 2014: both pension plans combined - \$4,398,400; Retired Employees’ Contributory Welfare Trust - \$2,398,796. He moved for adoption of the following resolutions:

Resolved, that, based on the recommendation of its actuary and its Pension, Benefit and Compensation Committee, the South Central Regional Water Authority make a combined contribution of \$4,398,400 to the South Central Connecticut Regional Water Authority Retirement Plan and the South Central Connecticut Regional Water Authority Salaried Employees’ Retirement Plan during fiscal year 2015;

Resolved, that, based on the recommendation of its actuary and its Pension, Benefit and Compensation Committee, the South Central Regional Water Authority make a contribution of \$2,398,796 to the South Central Connecticut Regional Water Authority Retired Employees’ Contributory Welfare Trust during fiscal year 2015.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Bell stated that the Pension, Benefit and Compensation Committee recommended that the interest rate assumption and mortality tables used to calculate contributions to the retirement plans and the Retired Employees' Contributory Welfare Trust be changed. He moved for adoption of the following resolution:

Resolved, That the interest rate assumption used to calculate contributions to the South Central Connecticut Regional Water Authority Retirement Plan, the South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan and the South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Trust be reduced from 7.75% to 7.50% effective for the actuarial valuation as of January 1, 2014.

Resolved, That the mortality table assumption used to calculate contributions to the South Central Connecticut Regional Water Authority Retirement Plan, the South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan and the South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Trust be changed from the 1994 Group Annuity Mortality Table to the 2014 IRS Mortality (M/F) for Non-Annuitants and Annuitants Tables for the actuarial valuation as of January 1, 2014.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 2:42 p.m., on motion 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 Audit Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 2:45 p.m. the Authority reconvened.

On motion made by Mr. Marsh and seconded by Mr. Cermola, the following items contained in the consent agenda were approved and adopted or received, as appropriate:

- A. Approve minutes of the April 24, 2014 regular meeting.
- C. Receive capital budget transfer notifications detailed in Ms. Discepolo's memo dated May 8, 2014.
- D. Adopt resolution authorizing exemptions from public bidding.

Resolved, That the Authority authorizes Management to negotiate the purchase of the following items for the fiscal year June 1, 2014 – May 31, 2015 without public bidding and such purchases without public bidding are hereby determined to be in the best interest of the Regional Water Authority for the reasons set forth in Ms. Discepolo's memorandum of May 8, 2014, a copy of which is to be filed with the records:

- Polymers (polyelectrolytes) for the West River, Lake Gaillard, Lake Saltonstall and Lake Whitney Water Treatment Plants;
- John Deere equipment;
- Neptune meters and Invensys meter reading equipment;

- Hot and cold patch, gravel, stone and processed aggregate necessary for maintenance and construction of the Authority's distribution system and sources of supply;
- Programmable logic controllers (PLC); and
- Variable Frequency Drives (VFD).

E. Approve Fiscal Year 2014 Budget Revision

Resolved, That the proposed revisions to the Fiscal 2014 operating budget dated May 8, 2014, as presented to this meeting, are hereby adopted and ordered to be filed with the records and with the Trustee pursuant to Section 613 of the General Bond Resolution.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

The Chair proposed to reorder the agenda to receive updates from Mr. Bingaman prior to review of the financials. There were no objections.

Mr. Bingaman:

- Reported the RWA's Water Supply Plan submitted in 2009 had been approved by the Department of Health, with comments.
- Provided an update on the recently concluded Connecticut legislative session.
- Reported on the very strong effort to reduce accounts receivable, which exceeded its goal.
- Reported RWA sponsored the Real Estate and Construction Outlook breakfast presented by the Greater New Haven and Quinnipiac Chambers of Commerce.
- Reported he spoke at a recent Branford Rotary Club meeting and described RWA's decline in water revenues and non-core revenue program.

Ms. Kowalski reviewed the April 2014 monthly financial report. She commented on the most significant variances in operating revenues and expenses and the projected fiscal year 2014 maintenance test.

Ms. Discepolo reviewed the proposed schedule for an issuance test rate application associated with issuance of the Authority's 30th Series Bonds to fund its program of capital improvements.

The Authority reviewed potential special topics for discussion at its July meeting: the expected issuance test rate application; a regional economic outlook presentation by Don Klepper-Smith to which RPB members and members of management would also be invited; discussion around how long to wait for a positive return on investment for "sustainable" construction and practices; and rate structure and programs to assist lower income customers.

Authority members reported briefly on recent meetings of Representative Policy Board committees.

At 3:25 p.m., on motion duly made by Mr. Cermola and seconded by Ms. Lieberman, it was voted unanimously to go into executive session to discuss strategy regarding litigation with the Town of North Branford. Present in executive session were the Authority members, Mss. DiGianvittorio, Discepolo, Soda, Yoder and Mr. Bingaman.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 3:40 p.m. the Authority came out of executive session and, on motion made by Mr. Bell and seconded by Mr. Cermola, 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 4:40 p.m. the Authority reconvened. Chair DiSalvo noted Ms. Lieberman had withdrawn from the meeting.

Mr. Bell reported briefly on the Pension, Benefit and Compensation Committee's discussion of senior leaders; review of the Chief Executive Officer ("CEO"); review of comparable market compensation data for senior leader positions; review of proposed revisions to the pay for performance program for management employees; adoption of non-qualified deferred compensation plans for officers who do not participate in the RWA's pension plan; and its compensation recommendations for the officers effective June 1, 2014 and additional increases are to be considered for December 1, 2014, based on review of comparable market compensation data for senior leader positions. He noted that compensation recommendations for individuals other than the CEO were based on the CEO's recommendation. He moved for adoption of the following resolution:

Resolved, That the Authority endorses the general concept of the revised pay for performance program for management employees described in executive session to be effective for fiscal year 2015.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Absent
Marsh	Aye

Mr. Bell moved for adoption of the following resolution:

Resolved, That the Authority endorses the general concept of non-qualified deferred compensation plans for two current officers who do not participate in the South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan, as described in the Pension, Benefit & Compensation Committee executive session.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Absent
Marsh	Aye

Mr. Bell moved for adoption of the following resolution:

Resolved, That effective June 1, 2014 the salaries of the following officers of the South Central Connecticut Regional Water Authority shall be as follows:

Larry L. Bingaman, President & Chief Executive Officer.....	\$335,000
Donna DiGianvittorio, Vice President, Employee Services.....	\$144,200
Linda Discepolo, Vice President & Chief Financial Officer.....	\$195,700
Rochelle Kowalski, Controller	\$140,000
Edward Norris, Vice President, Asset Management.....	\$162,740
Jean Zanella-Dyer, Vice President, Service & Technology.....	\$169,950

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Absent
Marsh	Aye

At 4:45 p.m., on motion made by Mr. Cermola and seconded by Mr. Bell, it was voted unanimously to recess the regular meeting to allow the Authority members to attend the Representative Policy Board meeting. Chair DiSalvo announced the Authority meeting would reconvene immediately following that meeting.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Absent
Marsh	Aye

At 7:32 p.m. the Authority reconvened. Mr. DiSalvo noted the Representative Policy Board's ("RPB") comments on the fiscal year 2015 budgets, as expressed at the RPB's meeting. He noted also the comments of the Office of Consumer Affairs. Mr. Bingaman requested approval of the budgets for the fiscal year June 1, 2014 – May 31, 2015 and authorization to file the budgets with the trustee, as required by the *General Bond Resolution*. Mr. DiSalvo stated Ms. Lieberman advised him she supported the proposed budgets. Mr. Cermola moved for adoption of the following resolutions:

Resolved: That the Authority's Operating and Maintenance Budget for the Fiscal Year from June 1, 2014 – May 31, 2015 ("FY 2015"), showing on a monthly basis projected Operating Expenses and deposits and withdrawals from the several Funds required by the *General Bond Resolution*, is hereby adopted and ordered to be filed with US Bank, Trustee, pursuant to Section 613 of the *General Bond Resolution*.

Resolved: That the Authority's Capital Improvements Budget for the Fiscal Year from June 1, 2014 – May 31, 2015 ("FY 2015"), including a plan of capital improvements for FY 2015 through FY 2019 and the additional information required by Section 614 of the *General Bond Resolution*, is hereby adopted and ordered to be filed with US Bank, Trustee, pursuant to Section 614 of the *General Bond Resolution*.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Absent
Marsh	Aye

Mr. Marsh moved to approve the capital budget authorization for June 2014:

Resolved, That the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$1,500,000 for the month of June 2014 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 2015 for all Capital Improvement Projects to be exceeded. In the absence of the Controller, the Vice-President and Chief Financial Officer or the Vice-President – Asset Management is authorized to sign in her place.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Absent
Marsh	Aye

At 7:35 p.m., on motion made by Mr. Marsh and seconded by Mr. Bell, the meeting was adjourned.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Absent
Marsh	Aye

Richard G. Bell, Secretary