

South Central Connecticut Regional Water Authority

Minutes of the October 16, 2014 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority was held Thursday, October 16, 2014 at the office of the Authority, 90 Sargent Drive, New Haven, CT, Chair DiSalvo presiding.

Present: Authority – Ms. Lieberman, Messrs. Bell, Cermola, DiSalvo, and Mr. Marsh (via telephonic participation)
Management – Mss. Discepolo, Kowalski, Soda, Mr. Bingaman
RPB – Messrs. Borowy
Staff – Ms. LeMoine

The Chair called the meeting to order at 12:31 p.m.

The Chair requested to remove items 1. Approval of the Minutes, and 3. Approval of the Capital Budget Transfer – type B amendment notifications from the consent agenda. A motion made by Mr. Cermola, was seconded by Mr. Bell. The Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Bingaman corrected the minutes of the September 18, 2014 to reflect that the Authority came out of Executive session at 4:44 p.m., not 3:44 p.m. A motion was made by Mr. Bell, seconded by Mr. Cermola, to approve the minutes of the September 18, 2014 meeting as amended. All were in favor.

Ms. Discepolo provided additional information concerning the request. A motion was made by Mr. Bell and seconded by Mr. Cermola to approve capital budget transfer–type B amendment notifications for Lake Gaillard Water Treatment Plant project system improvement, as detailed in Ms. Discepolo’s memo dated October 9, 2014.

Resolved, That the Authority approves the transfer of \$491,300 from the fiscal year 2015 Brushy Plains Tank project capital budget account to the Lake Gaillard Water Treatment Plant – Polymer System Improvement project.

The Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

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

2. Approve capital budget authorization for November 2014.

Resolved, That the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$1,850,000 for the month of November 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund.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.

4. Receive capital budget transfer notifications detailed in Ms. Discepolo's memo dated October 9, 2014.
5. Receive Land Use Plan update regarding Lake Saltonstall and West River Tracts.

The Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 12:36 p.m. Ms. Kowalski entered the meeting.

Ms. Kowalski reviewed the September 2014 financial report. She commented on the most significant variances in operating revenues and expenses and the projected fiscal year 2015 maintenance test. Mr. Bingaman added that the RWA is on target for accounts receivable collections.

Ms. Discepolo provided an update regarding the selection of the custodian and investment advisor for the pension plans. Mr. Bell, chair of the Pension, Benefit and Compensation Committee, summarized the Committee's search and their selection of Morgan Stanley as investment advisor.

The motion was made by Mr. Bell, and seconded by Ms. Lieberman, for the Authority to engage the services of Morgan Stanley as custodial investment advisor. The Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Bell moved to adopt the following resolution:

Resolved, That the Authority ratifies the action of its Pension, Benefit and Compensation Committee transferring two-thirds of the funds held in the PIMCO Total Return Fund to two separate bond funds as recommended by Morgan Stanley, and ratifies the actions of the Officers acting on behalf of the South Central Connecticut Regional Water Authority to implement this change.

The motion was seconded by Ms. Lieberman, after brief discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye

Lieberman	Aye
Marsh	Aye

Ms. Discepolo reviewed the schedule of projected contributions to the South Central Connecticut Regional Water Authority's pension plans. The schedule as presented indicated that the plans will be fully funded by 2022.

Mr. Bell made a motion to adopt the recommendation prepared by the actuary to guide the funding of the South Central Connecticut Regional Water Authority's pension plans in the years 2014 to 2022, as distributed at the meeting. The motion was seconded by Mr. Cermola. The Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 1:05 p.m. Mr. Olejarczyk entered the meeting.

The Ten Year Model was presented by Mss. Discepolo, Kowalski and Mr. Olejarczyk. Ms. Discepolo reviewed the financial model including assumptions and future projections for water revenues, investment income, BABs subsidiary and non-core revenues. Discussion focused on the cost of employee benefits; RWA rates compared to other utilities; and other expenses including the issuance test; maintenance test; and the capital program.

At 2:18 p.m. on motion made by Mr. Cermola and seconded by Ms. Lieberman, it was voted unanimously to go into recess.

At 2:28 p.m. the Authority reconvened and Mr. Borowy joined the meeting.

Ms. Discepolo continued the presentation to review the sensitivity analysis. She then summarized opportunities and vulnerabilities, overall findings, trends, and next steps.

At 2:50 p.m. Ms. Kowalski and Mr. Olejarczyk withdrew from the meeting.

Messrs. Flynn, Barger and Hill entered the meeting to present the Water Treatment Technology Advances, and recommended priorities. Mr. Flynn opened the presentation with the RWA's goals, core objectives and regulatory requirements. Mr. Barger provided an update of the federal requirements and the recent RWA samplings and reported that there are no significant issues or findings.

Mr. Barger reported on the core objectives and the solutions for water treatment. Mr. Hill discussed the potential operational modifications for improving water quality, and criteria for ranking of alternatives. Recommendations were made to address all core objectives, cost benefit ratio, and to continue cross-divisional collaboration.

At 3:35 p.m. Messrs. Flynn, Barger and Hill withdrew from the meeting.

Mr. Bingaman reviewed potential Special Topics for the January 2015 meeting. After discussion, the Authority selected the following items: municipal bond market outlook and business continuity/disaster recovery plans update. Mr. DiSalvo made recommendations for special topic items for future consideration.

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

In Updates by Mr. Bingaman:

- Provided updates on the AMI project, which included entering into an agreement with Don Schlenger to assist the team in developing an RFP.
- The sale of the East Derby Water Works to Aquarion closed October 16, 2014. A communication was sent to RWA customers informing them of the transition.
- Ms. Discepolo and Mr. Bingaman attended a meeting at CERC to discuss the idea of using our excess supply of water to market the State, and as a way to attract new business to the area.
- Reported on the economic development study and noted a report will be available and presented in the next few months.
- Stated the RWA participated in the United Way's Day of Caring. Forty RWA staff, including Ms. Soda and Mr. Bingaman, worked this past Wednesday for the Christian Community Action organization, which provides shelter and temporary housing to families who are homeless.
- Provided information regarding the recent news article in the Cheshire Herold. Messrs. Borowy and Bingaman had been communicating with the Town of Cheshire regarding an issue related to installation of a water main.

At 3:57 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 to meet as the Strategic Planning Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 5:01 p.m. the Authority reconvened. Mr. DiSalvo reported that he will distribute the Authority's self-assessment evaluation to be completed and returned as soon as possible.

Mr. DiSalvo stated that the Authority had adopted a tuition reimbursement program, and he would like to encourage the staff and members of the leadership team to pursue. There are a number of Master programs and online programs available for consideration.

At 5:04 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. Present in executive session were the Authority members, Mss. Discepolo, Soda, LeMoine, and Mr. Bingaman.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 5:08 p.m., a motion was made by Mr. Cermola, and seconded by Mr. Bell, to come out of executive session.

Bell	Aye
Cermola	Aye
DiSalvo	Aye

Lieberman Aye
Marsh Aye

Ms. Discepolo provided an update regarding the Authority's rate application and sale of bonds.

At 5:11 p.m. Mr. DiSalvo requested a motion for the Authority to recess to attend the Representative Policy Board meeting. Mr. Bell motioned and was seconded by Ms. Lieberman. The Chair called for the vote:

Bell Aye
Cermola Aye
DiSalvo Aye
Lieberman Aye
Marsh Aye

At 7:26 p.m., upon motion made by Mr. Cermola, and seconded by Mr. Bell, the Authority reconvened. The Chair called for the vote:

Bell Aye
Cermola Aye
DiSalvo Aye
Lieberman Aye
Marsh Absent

Mr. Bingaman reviewed and presented the proposed supplemental resolution providing for the issuance, sale and delivery of the Thirtieth Series Bonds. A motion was made by Mr. Cermola to adopt 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 July 17, 2014, the Authority adopted and on October 16, 2014, the Representative Policy Board (the "RPB") approved the resolutions which established the general terms and provisions of the Authority's Water System Revenue Bonds in the aggregate principal amount not to exceed \$40,000,000 to finance, among other things, the cost of certain capital improvements to the water system and which may be issued in one or more series; and

WHEREAS, the Authority wishes to provide for the issuance, sale and delivery of the Authority's Water System Revenue Bonds, Thirtieth Series A (the "Thirtieth Series A Bonds") and authorize the issuance, sale and delivery of the Authority's Water System Revenue Refunding Bonds, Thirtieth Series B (the "Thirtieth Series B Bonds" and together with the Thirtieth Series A Bonds, the "Thirtieth Series Bonds").

NOW THEREFORE,

BE IT RESOLVED, that the Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President and Chief Financial Officer be authorized (i) to issue, sell and deliver the Thirtieth Series A Bonds in an amount not to exceed \$40,000,000, and (ii) to determine the principal amount, date, date of maturity, interest rate, form and other details of the Thirtieth Series A 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 Chairperson or Vice Chairperson and the President/Chief Executive Officer or Vice President and Chief Financial Officer be authorized (i) to issue, sell and deliver the Thirtieth Series B Bonds in an amount not to exceed \$44,000,000 (a) to finance the cost of refunding certain prior bonds of the Authority (b) to provide funds for deposit in certain reserve funds held pursuant to the General Bond Resolution and (c) to pay costs of issuance of the Thirtieth Series B Bonds, and (ii) to determine the amount, date, date of maturity, interest rate, form and other details of the Thirtieth Series B Bonds, pursuant to the Act and the General Bond Resolution or any other provisions of law thereto enabling.

BE IT FURTHER RESOLVED, that the Authority hereby approves the Thirtieth Series A Supplemental Resolution authorizing the issuance of the Thirtieth Series A Bonds substantially in the form attached hereto as Exhibit A, with such changes, omissions, insertions and revisions as the Chairperson or Vice Chairperson and President/Chief Executive Officer or Vice President and Chief Financial Officer shall deem advisable and which shall be as set forth in a Certificate of Determination attached thereto.

BE IT FURTHER RESOLVED, that the Authority hereby approves the Thirtieth Series B Supplemental Resolution authorizing the issuance of the Thirtieth Series B Bonds substantially in the form attached hereto as Exhibit B, with such changes, omissions, insertions and revisions as the Chairperson or Vice Chairperson and President/Chief Executive Officer or Vice President and Chief Financial Officer 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 Thirtieth Series Bonds and further setting forth information relating to the Thirtieth 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 President/Chief Executive Officer or Vice President and Chief Financial Officer shall deem advisable or shall be necessary to provide information concerning the Thirtieth 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 Thirtieth Series Bonds.

BE IT FURTHER RESOLVED, that the Chairperson or Vice Chairperson and President/Chief Executive Officer or Vice President and Chief Financial Officer 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 Thirtieth Series B Bonds and to call irrevocably for redemption and to defease the Refunded Bonds all in accordance with the General Bond Resolution. The President/Chief Executive Officer and Vice President and Chief Financial Officer 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 Thirtieth Series B 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, President/Chief Executive Officer and the Vice President and Chief Financial Officer, 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 Thirtieth Series Bonds, if the Authority's financial advisor or the underwriter for the Thirtieth Series Bonds deems it advisable, and execute and deliver such documents as may be necessary or desirable to issue, sell and deliver the Thirtieth Series Bonds, including but not limited to, the Purchase Contracts, the Escrow Agreement, the Tax Regulatory Agreement and the Continuing Disclosure Agreements, 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 Thirtieth 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. The Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Absent

At 7:40 p.m., on motion made by Mr. Bell and seconded by Ms. Lieberman, the meeting was adjourned.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Absent

Respectfully submitted,


Richard G. Bell, Secretary

Attachments:

1. Thirtieth Series A Supplemental Resolution
2. Thirtieth Series B Supplemental Resolution
3. Preliminary Official Statement