

**South Central Connecticut Regional Water Authority**

**Minutes of the March 20, 2014 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority was held Thursday, March 20, 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, Nesteriak, Soda, Zanella Dyer, Messrs. Bingaman, Norris  
RPB – Messrs. Borowy, Ricozzi  
Staff – Ms. Yoder

The Chair called the meeting to order at 12:30 p.m.

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

- A. Approve minutes of the February 20, 2014 regular meeting.
- B. Approve capital budget authorization for April 2014.

**Resolved.** That the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$5,500,000 for the month of April 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate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 2014 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.

- C. Receive Key Performance Indicators for the period ended February 28, 2014.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 12:31 p.m., on motion made by Mr. Cermola and seconded by Mr. Bell, it was voted unanimously to recess the meeting to allow the Authority to meet as the Environmental, Health, Safety and Risk Assessment Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 1:15 p.m. the Authority reconvened and, on motion made by Mr. Cermola and seconded by Mr. Bell, it was voted unanimously to recess the meeting to allow the Authority to meet as the Strategic Planning Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 1:52 p.m. the Authority reconvened.

Ms. Kowalski reviewed the February 2014 monthly financial report. She commented on the most significant variances in operating revenues and expenses, interest income and the projected fiscal year 2014 maintenance test. She reviewed the balance sheet included in the quarterly financial report. Mr. Bingaman commented on capital projects with significant budget deviations.

Ms. Discepolo briefly reviewed the proposed authorizing resolutions providing for the issuance, sale and delivery of the Twenty-Ninth Series Water System Revenue Refunding Bonds. Mr. Cermola 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 22 of the Act further provides, in pertinent part, that the Authority has the power, without the approval of the Representative Policy Board to refund any bonds by the issuance of new 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**, the Authority wishes to provide for the issuance, sale and delivery of the Authority's Water System Revenue Refunding Bonds, Twenty-ninth Series (the "Twenty-ninth Series Bonds")

**NOW THEREFORE**,

**BE IT RESOLVED**, that the Chairperson or Vice Chairperson and the Chief Executive Officer or Vice President and Chief Financial Officer be authorized (i) to issue, sell and deliver the Twenty-ninth Series Bonds in an amount not to exceed \$65,000,000 and (ii) to determine the amount, date, date of maturity, interest rate, form and other details of the Twenty-ninth Series 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 Authority hereby approves the Twenty-ninth Series Supplemental Resolution authorizing the issuance of the Twenty-ninth 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 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 Twenty-ninth Series Bonds and further setting forth information relating to the Twenty-ninth 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 Chief Executive Officer or Vice President and Chief Financial Officer shall deem advisable or shall be necessary to provide information concerning the Twenty-ninth 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 Twenty-ninth Series Bonds.

**BE IT FURTHER RESOLVED**, that the Chairperson or Vice Chairperson and 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 Twenty-ninth Series Bonds and to call irrevocably for redemption and to defease the Refunded Bonds all in accordance with the General Bond Resolution. The 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 Twenty-ninth Series 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, 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 Twenty-ninth Series Bonds, if the Authority's financial advisor or the underwriter for the Twenty-ninth Series Bonds deems it advisable, and execute and deliver such documents as may be necessary or desirable to issue, sell and deliver the Twenty-ninth Series Bonds, including but not limited to, the Purchase Contract, the Escrow Agreement, the Tax Regulatory Agreement 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-ninth 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.

Ms. Lieberman seconded the motion. The Chair noted that members received the 29<sup>th</sup> Series draft preliminary official statement and supplementary resolution earlier in March. After brief discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Ms. Discepolo recalled that the Authority originally adopted Tax Exempt Bond Post Issuance Tax Compliance Procedures in October 2011. She briefly reviewed the purpose of the procedures, and the proposed revisions to the procedures reflecting Internal Revenue Service ("IRS") guidance since that time and IRS model provisions. She requested the Authority approve the revised procedures effective as of March 1, 2014. Mr. Bell moved for adoption of the following resolution:

WHEREAS, the Internal Revenue Service ("IRS") has stated that the ongoing nature of post issuance compliance requirements applicable to tax exempt bonds requires issuers to actively

monitor compliance throughout the entire time that their bonds remain outstanding and that the issuer adopt written procedures applicable to all bond issues; and

WHEREAS, the IRS has recently made available Revised Tax Exempt Bond Post Issuance Tax Compliance Procedures including more detailed guidance and model provisions; and

WHEREAS, the South Central Connecticut Regional Water Authority (the "Authority") wants to formally amend its written procedures originally adopted by the Authority on October 19, 2011 to reflect the revised procedures, attached hereto (the Procedures"), consistent with the most recent IRS guidance.

NOW, THEREFORE, be it resolved that the Authority hereby adopts the Procedures effective as of March 1, 2014 and requests that management follow the Procedures to improve the Authority's ability to identify non-compliance and prevent violations of the Internal Revenue Code from occurring.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Authority members reported briefly on recent meetings of Representative Policy Board committees and assignments were made for attendance at second quarter meetings.

Mr. Bingaman:

- Reported on conference calls held with the Moody's and Standard & Poor's rating agencies and briefly reviewed Moody's ratings report re the 29<sup>th</sup> Series refunding bonds.
- Reported on a due diligence conference call with representatives of Janney Montgomery Scott in connection with issuance of the 29<sup>th</sup> Series refunding bonds.
- Described the recently-announced Aquarion rate reduction due to a change in its tax obligation.
- Provided an update on accounts receivable trend.

Messrs. Borowy and Rizzo withdrew from the meeting.

Ms. Zanella Dyer and Mr. Norris briefly reviewed the Application for Approval of a Project to Install an Advanced Metering Infrastructure ("AMI") for the Customers of the South Central Connecticut Regional Water Authority focusing on the key benefits of AMI, alternatives considered, project schedule and project management team. They responded to questions regarding components of the projected decrease in operating costs, options considered, effect on customer service, participation in the pilot test, customer considerations and the impact on business processes. Mr. Bell moved for adoption of the following resolution:

**Resolved**, That the Authority hereby accepts the Application to the Representative Policy Board for Approval of a Project to Install an Advanced Metering Infrastructure for the Customers of the South Central Connecticut Regional Water Authority, substantially in the form submitted to this meeting, and authorizes filing said Application with the Representative Policy Board.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 3:55 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 strategy regarding litigation with the Town of North Branford. Present in executive session were the Authority members, Mss. Discepolo, Soda, Yoder and Mr. Bingaman.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 4:00 p.m. the Authority came out of executive session and, on motion made by Mr. Bell and seconded by Ms. Lieberman, the meeting was adjourned.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

  
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Richard G. Bell, Secretary

Attachments:

1. SCCRWA Supplemental Resolution, Twenty-Ninth Series
2. Preliminary Official Statement
3. SCCRWA Revised Tax Exempt Bond Post Issuance Tax Compliance Procedures effective as of March 1, 2014