

South Central Connecticut Regional Water Authority

Minutes of the November 20, 2014 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority was held Thursday, November 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, and Mr. Marsh (via telephone)
Management – Mss. Discepolo, Kowalski, Soda, Mr. Bingaman
RPB – Mr. Borowy
Legal Counsel – Mr. Coates

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

On motion made by Mr. Cermola, seconded by Mr. Bell and unanimously adopted, discussion of “Authority Self-Assessment” as item F and “Rating Agency Update” as G.2 was added to the agenda.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 12:36 p.m., on motion made by Mr. Cermola and seconded by Ms. Lieberman, 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 2:14 p.m. the Authority reconvened.

Mr. Bell stated that the Pension, Benefit and Compensation Committee recommended that the Authority select Wilmington Trust Retirement and Institutional Services Company as the Trustee for the South Central Connecticut Regional Water Authority Salaried Employees’ Retirement Plan, the South Central Connecticut Regional Water Authority Retirement Plan, and the South Central Connecticut Regional Water Authority Retired Employees’ Contributory Welfare Benefit Plan and recommended approval subject to legal counsel’s review of finalized trust agreements. Mr. Bell moved for adoption the following resolution:

Resolved, That, effective as of November 30, 2014, each member of the Authority hereby agrees to resign his or her position as Trustee of the Master Trust Agreement for South Central Connecticut Regional Water Authority (the “Master Trust”) and the South Central Connecticut Regional Water Authority Retired Employees’ Contributory Welfare Trust (the “VEBA Trust”) in substantially the form of resignation attached hereto; and be it

Further Resolved, That the Authority hereby waives the sixty (60) day notice requirement and obligation under the Master Trust in advance of a Trustee's resignation, and further hereby waives the thirty (30) day notice requirement and obligation under the VEBA Trust in advance of a Trustee's resignation, and hereby accepts such resignations; and be it

Further Resolved, That the Authority hereby appoints the Wilmington Trust Retirement and Institutional Services Company ("Wilmington") as Trustee of the Master Trust and the VEBA Trust, effective December 1, 2014, and authorizes the Chairperson to accept and execute the Wilmington Master Trust Agreement and Welfare/VEBA Trust Agreement in such final form as the Chair and Wilmington shall agree upon in writing; and be it

Further Resolved, That the President and Chief Executive Officer, the Vice President and Chief Financial Officer and Controller of the Authority be authorized and empowered to execute on behalf of the Authority any and all other documents and all additional actions which may be necessary or appropriate to implement the above changes.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Bell reviewed the Pension, Benefit and Compensation Committee's discussion of the proposed investment management strategy put forth by Morgan Stanley. Mr. Bell reported that the Pension, Benefit and Compensation Committee recommended that the Authority enter into a working agreement with Morgan Stanley for investment consulting services for the South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan, South Central Connecticut Regional Water Authority Retirement Plan, and South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Benefit Plan. Mr. Bell, seconded by Ms. Lieberman, moved for adoption of the following resolution:

Resolved, That the Authority retain Morgan Stanley to provide investment consulting services for The South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan, South Central Connecticut Regional Water Authority Retirement Plan, and South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Benefit Plan; and be it

Further Resolved, That the Authority authorizes temporary South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan, South Central Connecticut Regional Water Authority Retirement Plan, South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Benefit Plan investment asset allocations of fifty-five to sixty-five percent for equity, twenty-five to thirty-five percent for fixed income and eight to twelve percent for alternative investments, as proposed by Morgan Stanley.

After brief discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 2:28 p.m., on motion made by Chair DiSalvo and seconded by Mr. Bell, 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 2:37 p.m. the Authority reconvened.

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

1. Approve minutes of the October 16, 2014 regular meeting.
2. Approve capital budget authorization for December 2014.

Resolved, That the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$2,315,000 for the month of December 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.

3. Receive capital budget transfer notifications detailed in Ms. Discepolo's memo dated November 13, 2014.
4. Representative Policy Board Dashboard Indicators
5. Schedule of Calendar Year 2015 Meeting Dates

The Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Chair DiSalvo described the requirement to have an Authority member on the Board of the Watershed Fund with Mr. Bell's upcoming retirement. Mr. Cermola moved for adoption of the following resolution:

Whereas, The Watershed Fund Bylaws provide that The Watershed Fund shall have one member, which shall be South Central Connecticut Regional Water Authority; and

Whereas, The Watershed Fund Bylaws further provide that the member may fill any vacancy in the position of Director;

Now, therefore, be it resolved, That Anthony DiSalvo be, and he hereby is, elected a Director of The Watershed Fund, Inc. to serve in such capacity until the next annual meeting of the Member, or until such later time as his successor has been lawfully appointed and qualified or he otherwise ceases to fill such position.

Ms. Lieberman seconded the motion and, after brief discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Abstain
Lieberman	Aye
Marsh	Aye

Mr. Bingaman described a request from the West River Watershed Coalition seeking to have the West River Watershed officially designated as a Greenway by the Connecticut Greenways Council. There is no financial commitment involved with signing the Compact.

Mr. Bell moved to adopt the following resolution:

Resolved, that the South Central Connecticut Regional Water Authority authorizes the President/Chief Executive Officer to execute The West River Watershed Compact to create a West River Watershed Greenway.

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

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

The Authority discussed the results of their recently completed Self-Assessment. The assessment focused on improving governance. Discussion included revisions to the mission and purpose statements, strategic plan development and assessment, noncore revenue opportunities, wet weather planning and public relations enhancement opportunities. It was agreed to hold further discussions regarding potential strategic topics.

Ms. Kowalski reviewed the October 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 presented an update regarding revised credit rating agency reports. Ms. Discepolo stated Moody's had affirmed its rating of Aa3 and S&P had affirmed its rating of A+. Ms. Discepolo noted that both S&P and Moody's reports contained improved descriptive language over prior ratings.

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

Authority members briefly reported on each member's Representative Policy Board committee involvement.

Mr. Bingaman:

- Discussed AMI implementation. He noted that the AMI team has met with various utilities employing AMI to identify and get ahead of potential implementation and procurement issues.
- Summarized a site visit by BlaneCanada, noting the site visit highlighted strengths and weaknesses in site selection processes.
- Provided an update regarding the Dandio land purchase. Through the efforts of John Triana and Ron Walters, the RWA was successful in securing grants for almost half the purchase price, including a \$396,500 grant from the Connecticut Department of Energy and Environmental Protection.

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 pending litigation. Present in executive session were the Authority members, Mss. Discepolo, Soda, and Messrs. Bingaman and Hawley.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 4:21 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

At 4:22 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	Aye

Respectfully submitted,



Richard G. Bell, Secretary

Attachment 1: Resignation as Trustee Letters