

South Central Connecticut Regional Water Authority

Minutes of the January 15, 2015 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority was held Thursday, January 15, 2015 at the office of the Authority, 90 Sargent Drive, New Haven, CT, Chair DiSalvo presiding.

Present: Authority – Ms. Lieberman, Messrs. Bell (via telephone conference), Cermola, DiSalvo, and Marsh
Management – Mss. Bajoros, Discepolo, Dyer, Gavrilovic, Gaw, Kowalski, Nesteriak, Soda and Messrs. Bingaman, Flynn and Norris
RPB – Messrs. Borowy and Ricozzi
Janney Montgomery Scott – Mr. LeBas (via telephone conference)
Staff – Mrs. Slubowski

The Chair called the meeting to order at 12:30 p.m. The Chair proposed to reorder the agenda to consider the consent agenda before special topics. There were no objections.

At 12:31 p.m. on motion made by Mr. Marsh and seconded by Mr. Cermola, and unanimously adopted, the following items contained in the consent agenda were approved and adopted or received, as appropriate:

1. Approve minutes of December 18, 2014 meeting.
2. Approve capital budget authorization for February 2015.

Resolved, That the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$2,150,000 for the month of February 2015 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate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 memorandum dated January 9, 2015.
4. Receive Land Use Plan Update regarding Mill River Tracts.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 12:35 p.m. Mr. LeBas (via telephone conference), Chief Fixed Income Strategist at Janney Montgomery Scott, joined the Authority meeting to give a presentation on the Municipal Bond Market Outlook. He discussed the 2015 economic outlook, projected inflation, a forecast on interest rates, and

municipal bond pricing. Given that interest rates will remain low for most of 2015, there may be an opportunity to refinance some of the Authority's debt at lower interest rates.

At 12:56 p.m. Mr. LeBas withdrew from the Authority meeting and Mss. Bajoros, Dyer and Mr. Flynn entered the meeting.

Mss. Bajoros and Dyer gave a presentation on IT Disaster Recovery. They discussed the history of disaster recovery from 2012 to 2014 and the Tiered System for prioritizing recovery. Their presentation included an update about SAP hosting and contract negotiations with IBM, which were completed in October 2014. They also discussed business continuity planning efforts, of which IT Disaster Recovery is a part.

At 1:42 p.m. Mss. Bajoros and Dyer withdrew from the meeting and Mss. Gavrilovic, Nesteriak and Mr. Norris entered the meeting.

Mss. Gavrilovic and Nesteriak reviewed a presentation on Asset Management. They discussed the implementation of a five phase program which started in 2014 and runs through 2016; progress of work to date; the Water Infrastructure Conference they attended in October 2014; and Leadership Involvement.

At 2:12 p.m. Mr. Flynn withdrew from the meeting; Ms. Gaw joined the meeting.

Ms. Gaw and Mr. Norris reviewed a Capital Budget Contingency Analysis, including reallocation of unused capital budget funds and the reduction of capital budget contingencies for FY 2016 with a further decrease planned in 2017. Chair DiSalvo expressed concerns about due diligence with regard to the approval of the use of capital budget contingency funds and would like this item to be put on a future agenda for further discussion.

At 3:21 p.m. Mss. Gavrilovic, Gaw, Nesteriak, and Mr. Norris withdrew from the meeting. Ms. Kowalski joined the meeting.

Mss. Discepolo and Kowalski discussed the Ten-Year Financial Plan, Operating & Maintenance Budget Philosophy, the FY2016 Operating Budget, and management submitting an O&M budget that reflected opportunities and vulnerabilities rather than a wet weather plan.

The Authority reviewed potential special topics for discussion at its April meeting and agreed upon: Business Continuity/Disaster Recovery Plans Update; and, How can the Board lead the organization?

Ms. Kowalski reviewed the December 2014 monthly financial report. She commented on the most significant variances in operating revenues and expenses, interest income and the projected fiscal year 2015 maintenance test. She also provided an Accounts Receivable update.

Ms. Discepolo provided an update on transferring pension investments from Mercer, our former investment advisor, to Morgan Stanley. She also reported that investments reflect the Authority's authorized asset allocation 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. Joe McLaughlin, of Morgan Stanley, RWA's investment advisor, will attend the February 19th Pension, Benefit & Compensation Committee meeting to provide an update.

At 3:51 p.m. Ms. Kowalski withdrew from the meeting.

Authority members reported on Representative Policy Board committee meetings they attended.

Mr. Bingaman:

- Provided an update on the progress of the AMI project. He stated that going forward Ms. Dyer and Mr. Norris will be responsible for reporting on the AMI project.
- Highlighted conversations with the Connecticut Economic Resource Center about how RWA could collaborate with it, including joining the Board.
- Reported that there were no lost workdays during calendar year 2014 for work related injuries.

At 3:57 p.m. Mr. Ricoszi withdrew from the meeting.

At 4:09 p.m. on motion made by Mr. Marsh and seconded by Mr. Cermola, it was voted unanimously to recess and allow the Authority to meet as the Strategic Planning Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 4:09 p.m. Mr. Borowy withdrew from the meeting.

At 4:32 p.m. the Authority reconvened and on motion made by Ms. Lieberman and seconded by Mr. Bell, it was voted unanimously to go into executive session to discuss pending litigation with the Town of North Branford. Present in executive session were the Authority members, Mr. Bingaman, Mss. Discepolo, Slubowski and Soda.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 4:45 p.m. the Authority came out of executive session.

At 4:46 p.m. on motion made by Mr. Cermola and seconded by Mr. Marsh, it was voted unanimously to adjourn the meeting.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye


Richard G. Bell, Secretary