

**South Central Connecticut Regional Water Authority
Minutes of the November 19, 2015 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) was held Thursday, November 19, 2015 at the office of the Authority, 90 Sargent Drive, New Haven, CT, Chairman DiSalvo presiding:

Present: Authority – Ms. Lieberman, Messrs. Cermola, Curseaden, DiSalvo and Marsh
Management – Mss. Discepolo, Gavrilovic and Kowalski and Messrs. Bingaman and Norris
RPB – Mr. Oslander
Staff – Mrs. Slubowski

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

Mr. Bingaman reviewed the safety moment, “*Fall Driving...*”

The Chair proposed to amend the agenda to include: Woodbridge collection issues after item H, a discussion of the RWA Recreation Program immediately following, and Capital Budget Transfer – Type B Amendment after item I.6. On motion made by Mr. Curseaden, and seconded by Ms. Lieberman, and unanimously carried, it was voted to amend the agenda.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 12:32 p.m., on motion made by Mr. Marsh and seconded by Mr. Curseaden, and unanimously carried, it was voted to recess the regular meeting for the Authority to meet as the Pension, Benefit and Compensation Committee.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 2:28 p.m., the Authority reconvened and on motion made by Mr. Marsh and seconded by Mr. Cermola, and unanimously carried, it was voted to recess the regular meeting for the Authority to meet as the Audit Committee.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 2:37 p.m. the Authority reconvened.

Mr. Marsh stated the reasons for RWA to pursue alternative allocation strategies: to reduce volatility, protect returns and reduce exposure to equities by reducing equity by five percent and increasing alternative investments by five percent. He moved for the following resolutions:

RESOLVED, that the Chairman of the Pension, Benefit and Compensation Committee is hereby authorized to approve the modification of Morgan Stanley's target asset allocation to 55% in equities, 15% in alternative/swing investments, and 30% in fixed income investments, after review by the Authority, for RWA's salaried and union pension funds to reduce risk and volatility and enhance the opportunity of earning target returns of at least 7.25% by reducing exposure to equities and increasing alternative investments while maintaining the current target mix of 60% in equities, 10% in alternative/swing investments and 30% in fixed income investments for the VEBA fund.

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

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

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

1. Approve minutes of the October 15, 2015 meeting.
2. Approve capital budget authorization for December 2015.

RESOLVED, that the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$2,950,000 for the month of December 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 2016 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 November 13, 2015.
4. Adopt Schedule of Calendar Year 2016 Meeting Dates.
5. Approve edit to the RPB Application for the Wepawaug House disposition in Orange, CT.
6. Approve exemption from public bidding for RWA's HVAC Preventative and Emergency Maintenance Service.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

It was the consensus of the Authority that the discussion on economic development related water clusters in communities be deferred to the next month's meeting.

Mr. Bingaman:

- Provided an AMI Update. He noted that contract negotiations with Sensus Technologies, RWA's vendor for project oversight, is nearing completion. A bridge agreement is in place to continue planning work during the Department of Public Health contract review. Mr. Bingaman stated that contract language has been finalized and is nearing completion. He highlighted that development phase risk management mitigation plans continue; a communications strategy has been drafted; and, technical workshops with Sensus Technologies for planning integration activities was held earlier in the month. Mr. Bingaman reported that the AMI Project Manager and the Meter Data Management Integration Analyst are in place. Next month will include continued planning workshops for IT architecture and build.
- Informed the Authority that a Hack-A-Thon, hosted by Yale University, to generate ideas for non-core revenue will take place Friday, February 5th at the Yale School of Forestry and Management.
- Reported that Linda Discepolo, RWA's Vice President and Chief Financial Officer, is working with Paul D'Andrea, President of Watch Hill Partnership, LLC and University of Bridgeport Innovation Center to assist RWA to identify non-core revenue opportunities.
- Noted that RWA's current enabling legislation prohibits the investment in any business or startups unless RWA owns a 51% interest or more. He stated that he is meeting with Paul McCary, of Murtha Cullina LLP, to begin drafting an amendment to the legislation to provide for more flexibility.
- Highlighted that he and Linda Discepolo were invited by the Regional Economic Xceleration to attend the Microbrewers Roundtable to speak about economic development.
- Reported that Blane Canada Ltd., RWA's consultant for economic development, will launch a community outreach in early December. Thirty to forty site selectors have been selected for the first round. He stated that Linda Discepolo is working with Eric Canada, partner of Blane Canada Ltd., on an economic development page for RWA's website.
- Stated that he spoke with John O'Neill, Chair of the Milford Economic Development Commission, about RWA's economic development study and provided an overview of competitive standings. Julie Nash, the Director of Milford Economic Development Commission, will assist RWA in co-hosting a meeting of legislatures to discuss this matter in more detail.
- Noted that he commissioned, as Chairman of the Greater New Haven Chamber of Commerce, Bob Santy of the Connecticut Economic Resource Center to better coordinate regional economic development plans.
- Participated in two metro chamber dinners: (1) to address fiscal issues facing the state and the unfriendliness of the business climate, and (2) legislative action to improve the business climate.

- Highlighted that the Connecticut Board of Regents received 2 of 3 approvals for the Utility Management Degree Program for Gateway Community College, South Connecticut State University and the private sector. A third and final meeting is scheduled.
- Noted that he attended a meeting of the Conscious Capitalism Founding Board.

Authority members reported on recent Representative Policy Board (“RPB”) committee meetings.

Discussion took place regarding RWA’s recreation program and the need for more involvement in the community.

Mr. Bingaman updated Authority members on the status of the unpaid water bill for the Town of Woodbridge.

Ms. Kowalski reviewed the October 2015 monthly financial report. Ms. Kowalski commented on the most significant variances in operating revenues and expenses and the projected fiscal year 2016 maintenance test. She stated the projected maintenance test for FY 2016 is 114% with a projected draw of \$900,000 from the Rate Stabilization Fund, compared to the budgeted draw of \$1.481 million. Ms. Kowalski provided an update on accounts receivable collections.

Ms. Discepolo and Ms. Kowalski reviewed the proposed fiscal year 2017 budget schedule. Ms. Discepolo noted that the schedule allows for a longer review period, as requested last year, by the Authority and the Representative Policy Board (“RPB”).

Ms. Discepolo reviewed the terms of the Water System Revenue Bond Subordinate Notes for the Advanced Meter Reading Infrastructure Project (“AMI”). The request is for approximately \$8,400,000. Mr. Curseaden moved for adoption of the following resolution:

WHEREAS, the South Central Connecticut Regional Water Authority (the “Authority”) proposes to issue its Water System Revenue Bonds which may be issued as Project Loan Obligations (the “Bonds”) and delivered to the State of Connecticut (the “State”) and its bond anticipation notes in anticipation of the proceeds of the Bonds (the “Notes”) in accordance with Special Act 77-98 of the General Assembly of the State of Connecticut, as amended (the “Act”) and the Water System Revenue Bond Resolution, General Bond Resolution, adopted by the Authority and approved by the Representative Policy Board of the South Central Connecticut Regional Water District (the “RPB”) on July 31, 1980, as amended and supplemented (the “General Bond Resolution”); and

WHEREAS, on July 17, 2014, the Authority adopted and on November 20, 2014, the RPB approved the resolutions which established the general terms and provisions of the Authority’s Bonds in the aggregate principal amount not to exceed \$28,425,000 to finance, among other things, the cost of the purchase and installation of advanced meter reading infrastructure (the “Project”); 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 Notes.

NOW THEREFORE BE IT RESOLVED, that the Authority hereby approves the Resolution authorizing the issuance of the Notes in one or more series 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 for the appropriate series of Notes attached thereto; and

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 Notes in an amount for each not to exceed \$8,400,000, and (ii) to determine the amount, date, date of maturity, interest rate, form and other details of each series of Notes, pursuant to the Act and the General Bond Resolution or any other provisions of law thereto enabling; and

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 execute and deliver such documents as may be necessary or desirable to issue, sell, secure and deliver the Notes, including but not limited to, an Official Statement if the Notes are publicly offered, a Contract of Purchase, a Tax Regulatory Agreement and a 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, security and delivery of the Notes 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; and

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 authorized to apply for and accept federal and state grants to finance the project and federal and state loans to finance the Project, and enter into any grant or loan agreement prescribed by a federal agency or by the State, and that the Chairperson, Vice Chairperson, President / Chief Executive Officer and the Vice President and Chief Financial Officer, or any one of them, are authorized to take any other actions necessary to obtain such grants or loans or to implement such grant or loan agreements. Any grant proceeds may be used to pay project costs or principal and interest on bonds, notes, or temporary notes or obligations.

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

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Ms. Discepolo and Ms. Kowalski reviewed the proposed Rate Application schedule. Discussion took place regarding rate application assumptions, including: public fire rates; rate design; cost of service; fixed vs. volumetric charges; and, various other strategies of the proposed rate application.

At 3:51 p.m. Mr. Oslander withdrew from the meeting.

Ms. Discepolo explained the need for a Capital Budget Transfer – Type B Amendment. She noted that authorization is required for the transfer totaling \$433,500 from the North Branford Tank Painting Project account to the Shingle Hill Tank #2 Painting Project account.

Mr. Curseaden moved for adoption of the following resolution:

RESOLVED, that the Authority approves the transfer totaling \$433,500 from the fiscal year 2016 capital budget North Branford Tank Painting Project account to the Shingle Hill Tank #2 Painting Project account.

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

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Ms. Discepolo reviewed the Resolution Approving the Proposed Issuance of Bonds for the Lake Gaillard Water Treatment Plant Generator Project. This program is funded through the Connecticut Drinking Water State Revolving fund program. The request is for \$2,800,000. Mr. Cermola moved for adoption of the following resolution:

RESOLVED, That the South Central Connecticut Regional Water Authority (the "Authority") hereby establishes the general terms and provisions of the Authority's Bonds which may be issued as Project Loan Obligations delivered to the State of Connecticut (the "Bonds") and which may be on a parity with or subordinate to bonds issued pursuant to the Water System Revenue Bond Resolution, General Bond Resolution adopted by the Authority and approved by the Representative Policy Board on July 31, 1980, as amended (the "General Bond Resolution").

1. The Bonds shall not exceed Two Million Eight Hundred Thousand Dollars (\$2,800,000) in aggregate principal amount; and
2. The Bonds may be issued as obligations in one or more series pursuant to a supplemental resolution to be adopted by the Authority for each series of Bonds, each of which shall specify the amount of the Bonds, the purposes for which the Bonds are to be issued, the date or dates, maturities, sinking fund installments if any, interest rates, series, denominations, form, redemption prices, security provisions and such other details of the Bonds as the Authority shall determine in accordance with the limits established by the applicable provisions of the General Bond Resolution and hereby; and
3. The purposes of the Bonds shall be to finance or refinance the cost of the Lake Gaillard Water Treatment Plant Generator Project and to pay costs of issuance (the "Project"); and
4. The Bonds may be sold by negotiation as serial or term bonds with stated maturities and may be sold in a private placement to the State of Connecticut or a purchaser approved by the Authority; and
5. The form of this resolution entitled "Resolution Approving the Proposed Issuance of Bonds," a copy of which shall be filed with the records of the Authority, shall be submitted to the Representative Policy Board for its approval in accordance with Section 22 of Special Act No. 77-98, as amended; and

BE IT FURTHER RESOLVED THAT:

1. Temporary notes of the Authority which may be issued as Interim Funding Obligations delivered to the State of Connecticut may be issued by the Authority in the amount of \$2,800,000 in anticipation of the receipt of the proceeds from the sale of such Bonds; and
2. The President / Chief Executive Officer, the Vice President and Chief Financial Officer, the Controller and any Vice President or any one of them may apply to the State Department of Public Health for eligibility and funding of the Project and sign such application and any other documents which may be necessary or desirable to apply for eligibility of the Project and financial assistance from the State's Drinking Water Fund Program and that any such action taken prior hereto is hereby ratified and confirmed; and

BE IT FURTHER RESOLVED: That the Authority hereby expresses its official intent pursuant to §1.150-2 of the Federal Income Tax Regulations, Title 26 (the "Regulations"), to reimburse expenditures paid sixty days prior to and anytime after the date of passage of this resolution in the maximum amount authorized hereby and for the Project defined herein with the proceeds of bonds, notes, or other obligations authorized to be issued by the Authority. Such bonds, notes or other obligations shall be issued to reimburse such expenditures not later than 18 months after the later of the date of the expenditure or the substantial completion of the Project, or such later date the Regulations may authorize. The Authority hereby certifies that the intention to reimburse as expressed herein is based upon its reasonable expectations as of this date.

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

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 4:11 p.m. Ms. Kowalski withdrew from the meeting and Ms. Gavrilovic and Mr. Norris entered the meeting.

Ms. Gavrilovic and Mr. Norris distributed a presentation and reviewed the Application for the replacement of Burwell Hill Tank No. 1 in West Haven. Mr. Curseaden moved for adoption of the following resolutions:

RESOLVED, That the Authority hereby accepts the Application for a project to construct a Replacement Water Storage Tank for Burwell Hill Tank No. 1 in West Haven, Connecticut, as a completed Application, substantially in the form submitted to this meeting, and authorizes said filing said Application with the Representative Policy Board; and

FURTHER RESOLVED, If approved by the Representative Policy Board, the President and CEO, and the Vice President of Asset Management, are authorized to take any and all actions necessary to complete the construction of the Replacement Water Storage Tank.

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

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Chair DiSalvo noted that the Application contains certain “critical information” that management believes is exempt from disclosure under the Freedom of Information Act. Mr. Curseaden moved for adoption of the following resolution:

WHEREAS, the Authority wishes to include certain confidential information in its Application to the Representative Policy Board for Approval of the replacement of the Burwell Hill Tank in West Haven, Connecticut, that the Authority considers “critical information” and believes to be exempt from disclosure under the Freedom of Information Act.

NOW THEREFORE BE IT RESOLVED, That the Authority authorizes its Chairperson and the Chief Executive Officer to file a motion and related materials with the Representative Policy Board to request issuance of a protective order to maintain confidential the information to be contained in Appendices A, B and C, “Confidential Information,” of the Authority’s Application.

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

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 4:16 p.m. Ms. Gavrilovic and Mr. Norris withdrew from the meeting.

At 4:16 p.m. on motion made by Mr. Cermola, and seconded by Ms. Lieberman, and unanimously carried, it was voted to go into executive session to discuss personnel matters. Present in executive session were Authority members, Mss. Discepolo, DiGianvittorio and Slubowski and Mr. Bingaman.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 4:58 p.m., the Authority reconvened and on motion made by Mr. Curseaden, and seconded by Ms. Lieberman, and unanimously carried, the meeting was adjourned.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

South Central Connecticut Regional Water Authority
November 19, 2015

Respectfully submitted,

Gail F. Lieberman, Secretary