

**South Central Connecticut Regional Water Authority
Minutes of the December 17, 2015 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) was held Thursday, December 17, 2015 at the office of the Authority, 90 Sargent Drive, New Haven, CT, Chairman DiSalvo presiding:

Present: Authority – Ms. Lieberman (via teleconference) and Messrs. Cermola, Curseaden, DiSalvo, Marsh
Management – Mss. Discepolo, Kowalski, Zanella-Dyer and Messrs. Bingaman and Flynn
RPB – Ms. Breslin and Mr. Borowy
Tata & Howard, Inc. – Messrs. Courchaine and Tata
Staff – Mrs. Slubowski

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

Mr. Bingaman reviewed the safety moment, “*What to do if you are locked in or out of the building.*”

Mr. Bingaman introduced Messrs. Courchaine and Tata, of Tata & Howard, Inc., RWA’s consultants for the audit of the Field Operations workforce flexibility initiative. He noted that Tata & Howard performed a documents review in late summer followed by a kick off workshop and, an audit of RWA’s Field Operations for efficiencies and opportunities for improvement.

Messrs. Courchaine and Tata noted that the audit consisted of 34 interviews with 60 staff, including management, to get a better understanding of RWA’s business practices, strategic goals for customer service, policies and procedures, and workflow protocols. Mr. Courchaine highlighted the areas for improvement, including: communications, succession planning, distribution operations and maintenance, preventive maintenance practices, training, standard operating procedures, and effective practice guidelines.

The specific details of the findings, observations, recommendations and areas for improvement were included on their Final Assessment and Recommendations Matrix, which they reviewed with Authority members. Discussion took place regarding a mentoring program at RWA, succession planning and workforce flexibility.

At 1:16 p.m. Messrs. Courchaine and Tata withdrew from the meeting.

At 1:16 p.m., 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 Environmental, Health, Safety & Risk Assessment Committee.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 2:12 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 Strategic Planning Committee.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 2:42 p.m. the Authority reconvened.

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 November 19, 2015 meeting.
2. Approve capital budget authorization for January 2016.

RESOLVED, that the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$3,750,000 for the month of January 2016 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 December 10, 2015.
4. Receive Key Performance Indicators for the period ended November 30, 2015.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 2:44 p.m. Ms. Kowalski entered the meeting.

Ms. Kowalski reviewed the quarterly financial report as of November 30, 2015, including revenues, expenses, the balance sheet and capital budget variances. She also reviewed the November 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 no projected draw from the Rate Stabilization Fund. Ms. Kowalski provided an update on accounts receivable collections.

At 2:55 p.m. Ms. Zanella-Dyer entered the meeting.

Authority members reviewed the proposed revisions to RWA's Rules and Regulations. Mr. Curseaden moved for adoption of the following resolutions:

RESOLVED, That the proposed revisions to The Rules and Regulations for Water Service and the Rules, Regulations and Rates Governing the Extension of Water Mains be, and they hereby are approved, substantially in the form submitted to this meeting; and

FURTHER RESOLVED, That the proposed revisions be submitted to the Representative Policy Board for consideration and approval.

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

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 3:08 p.m. Mr. Borowy and Ms. Zanella-Dyer withdrew from the meeting.

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

The Chair stated it would be appropriate to elect Authority officers for calendar year 2016. Mr. Marsh moved for adoption of the following resolutions:

RESOLVED, That Mr. DiSalvo be elected as Chairperson for a two-year term effective January 1, 2016 and until a successor is elected and has qualified; and

FURTHER RESOLVED, That Mr. Cermola be elected as Vice Chairperson and Ms. Lieberman to serve as Secretary-Treasurer with each to serve for a one-year term effective January 1, 2016 and until a successor is elected and has qualified.

Mr. Curseaden seconded the motion, the Chair called for the vote:

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Bingaman provided highlights of his mid-year goals update for fiscal year 2016. He reported that goals are on target under the Strategic Plan for this year and it was anticipated that the organization will meet or exceed global metrics, with the exception of the injury severity rate which is in question at this point. He noted that his goals for the remainder of 2016 include: Process Efficiency; Employee Engagement; the next phase of AMI; Non-Core Revenues; Economic Development; Enterprise Asset Management Plan; Zero Injury; Customer Service; and, personal goals.

Mr. Bingaman:

- Provided an AMI Update. He highlighted that that the project has been renamed to Hi-TechFOCUS. Mr. Bingaman noted that contract negotiations with Sensus Technologies

are completed. He stated that the contract was approved by the Department of Public Health (DPH) and a Request for Proposal for meters is now under review by DPH. A bridge agreement is in place to continue planning work during the DPH review. He stated that development phase risk management mitigation plans are in development; a communications strategy has been drafted; review is underway; and, technical workshops with Sensus Technologies for planning integration activities are completed. He reported that next month will include continued planning for IT architecture and build and project plans for IT build, change management and field deployment in development.

- Highlighted an article published in The New Haven Register on the approval of the Public Utility Management Degree Programs at Southern Connecticut State University and Gateway Community College, which was spearheaded by the RWA.
- Reviewed revisions to RWA's enabling legislation.
- Reported on the State Tax Panel's possible elimination of the 70% assessment ratio for taxation of properties when under appeal.
- Noted that internal meetings were held to address strategies to expand RWA's recreational activities to expose inner city children to environmental activities on the RWA's land.
- Stated that reservoir levels are currently at 55% compared to the long-term average of 68% but a drought status does not exist at this time.
- Shared RWA's new vision statement with Authority members, which was developed by an employee committee that Beth Nesteriak and Kate Powell chaired. The final vision statement is based on input from 115 employees who attended employee engagement workshops in October.

At 3:41 p.m. Ms. Breslin withdrew from the meeting.

Assignments for attendance at first quarter 2016 Representative Policy Board committee meetings were made.

Mss. Discepolo and Kowalski reviewed the proposed 2016 Issuance Test Rate Application and planned issuance of Water System Revenue Bonds. In addition to an overview of the application, their presentation included background information, actions to mitigate the rate increase, water production trends, revenues, operating and maintenance expense, issuance test and summary.

Mr. Cermola moved for adoption of the following resolutions:

RESOLVED: That 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") which are to be issued under its 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 Resolutions").

1. The Bonds shall not exceed Twenty Million Dollars (\$20,000,000) in aggregate principal amount.
2. The Bonds may be issued as obligations in one or more series pursuant to the General Bond Resolution and 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 General Bond Resolution and hereby.

3. The purposes of the Bonds shall be to finance or refinance the cost of certain capital improvements to the water system of the Authority from approximately July 1, 2016 through December 30, 2017 in accordance with certain capital improvement plan adopted by the Authority on June 18, 2015, as may be amended from time to time, to provide funds for deposit to the Capital Contingency Fund, Debt Reserve Fund, and Operating Reserve Fund, as necessary pursuant to the General bond Resolution and as permitted by the Internal Revenue code of 1986, as amended and to pay costs of issuance.
4. The Bonds may be sold by negotiation as serial or term bonds with stated maturities and may be sold in a private or direct placement to a bank or the State of Connecticut.
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.

Mr. Curseaden seconded the motion, the Chair called for the vote:

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Cermola moved for adoption of the following resolutions:

RESOLVED, That the South Central Connecticut Regional Water Authority (the “Authority”), subject to the approval of the Representative Policy Board (“RPB”) pursuant to Section 14 of Special Act 77-98, as amended, hereby establishes water rates and related charges as set forth in the issuance test rate application submitted for discussion at today’s meeting (the “2016 Issuance Test Rate Application”) and listed in its Section 6, “Notice of Public Hearing and Filing of Rates and Other Charges for Water and Related Services,” which shall become effective upon the delivery of the Authority’s Water System Revenue Bonds, as detailed in the resolutions found in Section 6 of the 2016 Issuance Test Rate Application; and

BE IT FURTHER RESOLVED, That in light of the information contained in the 2016 Issuance Test Rate Application, the Authority hereby finds that the rates and charges adopted in the foregoing resolution will generate funds in amounts, which, together with other funds projected to be available, will suffice for and not be in excess of the amount of funds required as set forth in Section 14 of the Act; and

BE IT FURTHER RESOLVED, That the Authority hereby authorizes the submission of an application, substantially in the form of the 2016 Issuance Test Rate Application submitted to this meeting and filed with its records, to the RPB for its approval.

Mr. Curseaden seconded the motion, the Chair called for the vote:

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 4:33 p.m. Ms. DiGianvittorio entered the meeting and Ms. Kowalski withdrew from the meeting.

Discussion took place regarding Pearl Meyers November 21, 2013 study of comparable market data for similar senior leader positions (“P25”) and its compensation recommendations for officers. It was noted that three positions were currently under the recommendation guidelines. Mr. Curseaden moved for adoption of the following resolution:

RESOLVED, That effective December 1, 2015, based on comparable compensation data for senior leader positions, the salaries of the following officers of the South Central Connecticut Regional Water Authority shall be as follows:

Donna DiGianvittorio, Vice President, Employee Services	\$155,000
James Flynn, Vice President of Operations	\$165,000
Rochelle Kowalski, Controller	\$155,000

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

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 4:53 p.m. Ms. DiGianvittorio withdrew from the meeting.

At 4:53 p.m. on motion made by Mr. Curseaden, and seconded by Mr. Cermola, and unanimously carried, it was voted to go into executive session to discuss PILOT litigation with the Town of Seymour. Present in executive session were Authority members, Mss. Discepolo and Slubowski and Mr. Bingaman.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 5:00 p.m., the Authority reconvened and on motion made by Mr. Marsh, and seconded by Mr. Cermola, and unanimously carried, the meeting was adjourned.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Respectfully submitted,

Gail F. Lieberman, Secretary