

**South Central Connecticut Regional Water Authority
Minutes of the January 21, 2016 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) was held Thursday, January 21, 2016 at the office of the Authority, 90 Sargent Drive, New Haven, CT, Chairman DiSalvo presiding:

Present: Authority – Ms. Lieberman and Messrs. Cermola, Curseaden, DiSalvo and Marsh
Management – Mss. DiGianvittorio, Discepolo and Kowalski and Messrs. Bingaman and Peloquin
Sibson Consulting – Mr. Kersting
Staff – Mrs. Slubowski

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

Mr. Bingaman reviewed the safety moment, “*Car Safety for Winter Weather Forecasts.*”

On motion made by Ms. Lieberman, 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 December 17, 2015 meeting.
2. Approve capital budget authorization for February 2016.

RESOLVED, that the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$2,200,000 for the month of February 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate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. Approve Proposed Resolutions for Dandio transfer of interest (conservation easement) to CT DEEP.

WHEREAS, on April 16, 2015 the South Central Connecticut Regional Water Authority (the “RWA”) adopted resolutions authorizing the application for the proposed transfer of Interest in real property (conservation easement) to the State of Connecticut over 60+/- acres located off Great Hill Rd. in Guilford, CT, which is currently referred to as Land Unit GU 12A, as a completed application (the “Application”), and authorized filing of said Application with the Representative Policy Board (the “RPB”); and

WHEREAS, on May 21, 2015 the Representative Policy Board adopted resolutions authorizing a public hearing for said Application in accordance with Special Act 77-98, as amended, and the Bylaws and Rules of the RPB; and

WHEREAS, on August 20, 2015 the Representative Policy Board held a public hearing for the Application in accordance with Special Act 77-90, as amended, and the Bylaws and Rules of the RPB; and

WHEREAS, on September 17, 2015 the RPB approved the Application.

NOW, THEREFORE, BE IT RESOLVED that on January 21, 2016 the RWA approves the following Resolutions revising its April 21, 2015 Resolutions, as recommended by the CT Department of Energy and Environmental Protection; and

RESOLVED, that Edward O. Norris III, RWA's Vice President of Asset Management, is hereby authorized to execute on behalf of the RWA a Grant Agreement and Conservation and Public Recreation Easement and Assignment under the Open Space and Watershed Land Acquisition Program with the State of Connecticut for financial assistance to acquire permanent interest in land known as Dandio Property – OSWA 479 and to manage said land as open space land pursuant to Section 7-131d of the Connecticut General Statutes; and

IT IS FURTHER CERTIFIED, that Edward O. Norris III was appointed as Vice President of Asset Management in 2013. Edward O. Norris III serves as the Vice President of Asset Management for the RWA and on December 9, 2015 had both the authority and the office to sign on behalf of the RWA a Grant Agreement and Conservation and Public Recreation Easement and Assignment for financial assistance to purchase permanent interest in land under the Open Space and Watershed Land Acquisition Program.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Ms. Lieberman introduced Mr. Kersting of Sibson Consulting, which is a consultant for employee benefits. Mr. Kersting reviewed RWA's current employee health benefits and provided alternative strategies comparable to marketplace trends. He addressed RWA's challenges including: increasing costs; benchmarks; premiums; possible excise tax under the Affordable Care Act; and the benefits of a wellness program. Mr. Kersting also discussed other benefits such as prescription drug coverage, Aflac and telemedicine programs.

At 1:33 p.m. Ms. DiGianvittorio and Messrs. Kersting and Peloquin withdrew from the meeting.

Mr. Marsh led a discussion on economic development-related water clusters in communities. He provided the definition and attributes of a cluster, which are organizations that join together for a common goal. Mr. Marsh highlighted the Akron Global Water Alliance in northeast Ohio that was formed to effectively manage, treat and distribute clean water by connecting organizations with the same goals. He noted the Top 12 Water Technology Hotspots in America. Discussion took place regarding next steps and it was the consensus of the Authority that management more fully develop the RWA's relationship with the EPA coordinator of the alliance of regional water clusters and initiate discussions with prospective collaborators for establishing a cluster to serve the South Central Connecticut Regional Water District and all of Greater New Haven. Further, it was recognized that such an effort would require staffing and that if no others assumed responsibility the RWA would staff the formative effort.

Mr. Curseaden led a discussion on the Culture of the Organization and the Board. He provided a handout to Authority Members on organizational culture. Mr. Curseaden noted that outside drivers and generational changes continue to shift the culture of RWA and the Board. Discussion took place regarding the role of the Board, role of Chief Executive Officer and guidelines for continued improvement.

Ms. Discepolo led a review of RWA's Non-Core Revenue Strategic Options. She noted options for acceleration of growth opportunities, initiatives and current non-core revenue expansions. Ms. Discepolo discussed levels of acceptable and unacceptable risks and risk appetite.

Chair DiSalvo noted that the 2016 IRS calendar year standard mileage rate is .54 cents per mile, down from 57.5 cents per mile last year.

Ms. Kowalski reviewed the December 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.

It was the consensus of the board that the monthly report and monthly accounts receivable update would be included in the consent agenda, unless exceptions were otherwise noted.

Mr. Bingaman highlighted that one-third, or \$9 million, of RWA's capital program spending in FY 16 is projected to come from internally generated funds.

At 3:33 p.m. Ms. DiGianvittorio entered the meeting.

Mr. Bingaman and Ms. DiGianvittorio provided an RWA employee engagement update. Mr. Bingaman highlighted the results of an internal survey done in November 2015. He stated that 171 RWA employees participated in the survey. Results were provided to employees at the end of 2015. He reviewed responses related to communications, engagement, leadership, management, training and RWA's strategic plan. Mr. Bingaman also compared the 2015 results to results from previous surveys in 2010 and 2013. Ms. DiGianvittorio stated that next steps would include in-house action councils and changes in RWA's performance reviews.

At 4:15 p.m. Ms. DiGianvittorio withdrew from the meeting.

Mr. Bingaman:

- Provided an AMI Project Update, now called hiTechFOCUS. He noted that the final contract with Sensus Technologies was executed at the end of December 2015; a bid for meters was advertised and RWA will award the contract this winter; and agreements are in place with IT vendors. He highlighted that a formal project kickoff was held to set expectations and sign a partnership agreement with Sensus. The Department of Public Health participated in the kick-off and a formal partnership agreement was signed with the President of Sensus Technologies. Workshops on information technology were held; site specific plans for each data collection unit installation (DCU) is under development; and sub-plans for all RWA work streams are in review. Mr. Bingaman reported that the Risk Team, led by Ted Norris, RWA's Vice President of Asset Management, met last month to review the three project risk phases: Procurement,

development and deployment. The procurement phase was completed without incident. The team is focusing on risk and mitigation plans for the development phase. Looking ahead, SAP will hold blueprinting sessions; all sub-plans including IT integration phase, field deployment, change management and Sensus' plan will be finalized and consolidated; DCU installation plans for all RWA and possible non-RWA sites will be finalized during the next three months; and plans for business process redesign and optimization will be in place. He noted that key milestones were reset: IT systems build and integration will take place from January 2016 through January 2017; Radio, DCU, IT Systems Testing and Pilot will take place from July 2016-April 2017; full scale deployment is planned to begin in April 2017; the monthly billing project build will take place in January 2019 and is expected to be completed in January 2020.

- Reported that reservoir storage levels on January 19, 2016 were at 64%, up from 55% on December 16, 2015 with a long-term average of 75%. Mr. Bingaman noted there was 5.5 inches of rainfall since December 16, 2015, which has caused an increase in storage.
- Stated that he met with Paul McCary of Murtha Cullina, RWA's counsel, regarding changes to RWA's Enabling Legislation. Mr. Bingaman noted that he received several comments that are incorporated into the revised Enabling Legislation.
- Highlighted that he is currently on a speaking tour to discuss Conscious Capitalism, Economic Development and other RWA-related matters. Mr. Bingaman met with the Devon Rotary Club this month and has pending engagements with Branford, Guilford, Madison and North Branford. He will meet with the Greater New Haven Chamber of Commerce next week to discuss Economic Development. Mr. Bingaman is scheduled to speak at a United Illuminating Company event in March and expects to meet with economic development representatives from other towns. He is also invited to speak at Regional Economic Xcelleration's regional economic development forum.
- Reported that he and Linda Discepolo, RWA's Vice President and Chief Financial Officer, continue to work with Eric Canada, of Blane Canada, RWA's consultant for economic development. He noted that an email outreach was sent in December 2015 to 40 site selectors. Mr. Bingaman highlighted conversations with two organizations and three others are scheduled.

Authority members reported on recent Representative Policy Board committee meetings.

Mr. Bingaman and Ms. Discepolo provided a rate case update. Ms. Discepolo distributed a handout to Authority members. Mr. Bingaman reviewed industry trends and various alternatives to allocate costs to mitigate a rate increase.

At 4:56 p.m. Ms. Zanella-Dyer entered the meeting.

At 4:56 p.m. on motion made by Mr. Curseaden, and seconded by Mr. Marsh, and unanimously carried, it was voted to go into executive session to discuss potential litigation. Present in executive session were Authority members, Mss. Discepolo, Slubowski and Zanella-Dyer and Mr. Bingaman.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 5:05 p.m., the Authority came out of executive session. Mr. Curseaden moved for adoption of the following resolution:

RESOLVED, That RWA management is hereby authorized to commence foreclosure proceedings on two properties of customers for non-payment of delinquent water service fees, late fees, interest charges, and other collection-related amounts as discussed in executive session; and

FURTHER RESOLVED, That the Vice President of Service and Technology of the Authority be, and hereby is authorized to execute any and all documents on behalf of the Authority and the appropriate officers of the Authority be, and hereby are, authorized, empowered and directed to take any and all additional actions that they deem necessary or appropriate in order to implement the same.

At 5:10 p.m., the Authority reconvened and on motion made by Mr. Cermola, and seconded by Ms. Lieberman, and unanimously carried, the meeting was adjourned.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Respectfully submitted,

Gail F. Lieberman, Secretary