

**South Central Connecticut Regional Water Authority
Minutes of the February 18, 2016 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) was held Thursday, February 18, 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. Discepolo and Kowalski and Messrs. Bingaman, Delvecchio, Flynn, Keough and Norris
RPB – Mr. Ricozzi
Staff – Mrs. Slubowski

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

Mr. Bingaman reviewed the safety moment, “*Working Outside in Cold Weather.*”

On motion made by Ms. Lieberman, seconded by Mr. Cermola, it was voted unanimously to add the approval of a revision to the application for the disposition of 1.60 acres located north of Derby Ave. in Orange, Connecticut, to the agenda immediately following item J.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 12:34 p.m., on motion made by Mr. Cermola, seconded by Mr. Curseaden, it was voted unanimously to recess the meeting to allow the Authority to meet as the Pension, Benefit, and Compensation Committee.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 1:35 p.m., the Authority reconvened and, on motion made by Mr. Marsh, seconded by Mr. Curseaden, it was voted unanimously to recess the meeting to allow the Authority to meet as the Audit Committee.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 2:32 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 risk by reducing equity by five percent, increasing alternative investments by eight percent and reducing fixed income by three percent. He moved for the following resolutions:

RESOLVED, that Morgan Stanley is hereby authorized to implement the reallocation of investments to 55% in equities, 18% in alternative/swing investments, and 27% in fixed income investments to reduce risk in the salaried employee pension and the bargaining unit pension funds to reach the targeted return, 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.

FURTHER RESOLVED, that the Vice President and Chief Financial Officer is hereby authorized to execute and deliver any and all documents as may be necessary or desirable to implement the asset reallocation.

Ms. Lieberman seconded the motion. The Chair called for the vote:

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

On motion made by Mr. Marsh, 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 January 21, 2016 meeting, with revisions.
2. Approve capital budget authorization for March 2016.

RESOLVED, that the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$2,000,000 for the month of March 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 are authorized to sign in her place.

3. Receive capital budget transfer notifications detailed in Ms. Discepolo's memorandum dated February 18, 2016.
4. Receive Report on Code of Ethics Compliance for Six-Month Period ended November 30, 2015.
5. Receive monthly financial report for January 2016.
6. Receive accounts receivable update for January 2016.
7. Approve Proposed Resolutions for Lorman transfer of interest (conservation easement) to CT DEEP.

WHEREAS, on June 18, 2015 the South Central Connecticut Regional Water Authority (the “RWA”) adopted a resolution authorizing the application for the proposed transfer of interest in real property (conservation easement) to the State of Connecticut over 64+/- acres located off Burr Hill Rd. in Killingworth, CT, which is currently referred to as Land Unit KI 13C, as a completed application (the “Application”), and authorized filing of said Application with the Representative Policy Board (the “RPB”); and

WHEREAS, on June 18, 2015 the RWA adopted a resolution authorizing the President and CEO, and the Vice President of Asset Management, to take any and all actions necessary to complete the transfer of the easement to the State of Connecticut and receive a grant of \$335,000 if approved by the RPB; and

WHEREAS, on July 16, 2015 the Representative Policy Board approved a resolution authorizing a public hearing for said Application in accordance with Special Act 77-98, as amended, and the Bylaws and Rules of Practice of the RPB; and

WHEREAS, on September 17, 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 Practice of the RPB; and

WHEREAS, on October 22, 2015 the RPB approved the Application.

NOW, THEREFORE, BE IT RESOLVED, that on February 18, 2016 the RWA approves the following Resolutions revising its June 18, 2015 Resolutions, as recommended by the CT Department of Energy and Environmental Protection; and

FURTHER 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 Lorman Property – OSWA 444 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 has 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

Mr. Bingaman:

- Provided a hiTechFOCUS (AMI Project) update. He noted major activities accomplished were; the bid for meters was advertised and three bids were received; two SAP blueprint sessions were held to connect SAP to AMI; site-specific plans for each

data collection unit (DCU) installation is underway; the team is finalizing sub-plans for RWA and Sensus work streams; network and communications design is drafted for communication between RWA, Sensus data centers, and DCUs; and the Risk team is finalizing development phase mitigation plans. The three-month look ahead includes: finalizing IT integration phase, finalizing DCU installation plans for both RWA and possible non-RWA sites; contractual confirmation of design and plan; business process redesign and optimization will begin; a meter bid will be awarded; and SAP blueprinting sessions will continue through March. Mr. Bingaman highlighted that hiTechFOCUS is on target; communications with employees is ongoing; a survey for directly affected employees is scheduled; an AMI low-cost video design to explain the project is in process; lessons learned on AMI deployments is underway; and business requirements are scheduled to be finalized. He noted that there were no changes to key milestones since last month: 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.

- Updated the Authority on the status of last week's meeting with the Mayor of Milford regarding fire protection charges. Mr. Bingaman and Ms. Discepolo, RWA's Vice President and Chief Financial Officer, met to discuss several alternatives with the Mayor. It was the consensus of the Authority to discuss the issue with the RPB at this evening's meeting and request a special meeting to discuss the matter in more detail.
- Reported that he and Ms. Discepolo spoke with seven site selectors about RWA's Economic Development study and to determine if they had any companies that would consider the New Haven region as a potential location for a facility. Further efforts are on hold pending a meeting with Eric Canada, Blane Canada Ltd's Chief Executive Officer and Joe Raso, Blane Canada's President, regarding next steps.
- Stated that he was considering rotating leadership team members and key direct reports attending monthly board meetings.
- Reported that reservoir storage levels on February 18, 2016 were at 69%, up from 64% on January 21, 2016 with a long-term average of 79%. Mr. Bingaman noted there was 2.81 inches of rainfall since January 21, 2016, which has caused an increase in storage levels.

Authority members reported on recent Representative Policy Board committee meetings.

At 3:41 p.m., Mr. Rizzozi withdrew from the meeting and Messrs. Delvecchio, Flynn and Keough entered the meeting.

Messrs. Delvecchio, Flynn and Keough presented a summary, need for the project and a cost summary of the application for the approval of a project to complete system-wide process control system upgrade. Mr. Curseaden made a motion to adopt the following resolutions:

RESOLVED, that the Authority hereby accepts the Application for a project to complete system wide process control upgrades, as a completed Application, substantially in the form submitted to this meeting, and authorizes 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 Operations, are authorized to take any and all actions necessary to complete system wide process control upgrades.

Mr. Marsh seconded the motion. 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 a project to complete system wide process control system upgrades, 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 and B, “Confidential Information,” of the Authority’s Application.

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

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 3:53 p.m., Messrs. Delvecchio, Flynn and Keough withdrew from the meeting and Mr. Norris entered the meeting.

Mr. Norris reviewed the updated RPB Application schedule for the second half of FY 2016 and early FY 2017.

Mr. Norris reviewed the process for the demolition of RWA’s rental house located at 115 Sperry Road, Woodbridge, Connecticut. He noted that a meeting is scheduled next week with Amity & Woodbridge Historical Society to discuss liabilities if the house is not demolished.

Mr. Norris explained a revision to the Application for the disposition of the 1.60 acres located north of Derby Ave. in Orange, Connecticut. Mr. Curseaden moved for adoption of the following resolution:

RESOLVED, that the Authority hereby approves the deletion to Section 3, Analysis of Alternatives, alternative #3 “Sale to the Town of Orange or to the State of Connecticut” included in the application for the disposition of 1.60 acres located north of Derby Ave. in

Orange, Connecticut, and recommends approval by the Representative Policy Board of said revision to the Application in accordance with Section 18 of Connecticut Special Act 77-98, as amended.

Ms. Lieberman seconded the motion. The Chair called for the vote:

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 4:01 p.m., Mr. Norris withdrew from the meeting.

At 4:01 p.m., on motion made by Mr. Cermola, seconded by Ms. Lieberman, and unanimously carried, it was voted to go into executive session to discuss real estate matters and potential litigation. Present in executive session were Authority members, Mss. Discepolo, Kowalski and Slubowski and Mr. Bingaman.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 4:13 p.m., the Authority reconvened and on motion made by Mr. Curseaden, seconded by Mr. Marsh, and unanimously carried, the meeting was adjourned.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Respectfully submitted,

Gail F. Lieberman, Secretary