

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

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

Present: Authority– Ms. Lieberman and Messrs. Cermola (via teleconference),
Curseaden, DiSalvo and Marsh
Management – Mss. DiGianvittorio, Discepolo, Kowalski, Zanella-
Dyer and Messrs. Bingaman, Delvecchio, Flynn, Norris and Peloquin
RPB – Mr. Dubno
Staff – Mrs. Slubowski

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

Mr. Bingaman reviewed the safety moment, “*April: National Distracted Driving Awareness.*”

At 12:32 p.m., on motion made by Mr. Cermola, seconded by Ms. Lieberman, the board 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 2:05 p.m., the Authority reconvened.

Mr. Marsh discussed changes to the discount rate, mortality table, and contribution levels of the South Central Connecticut Regional Water Authority’s Retirement Plan and the South Central Connecticut Regional Water Authority’s Salaried Employees’ Retirement Plan based on actuarial assumptions for the valuation as of January 1, 2016. Mr. Marsh noted that it was the consensus of the Committee that it would not be prudent at this time, or in the foreseeable future, to recommend to the Authority an early retirement incentive due to economic factors of market volatility. Ms. Lieberman moved for adoption of the following resolutions:

RESOLVED, that the Authority approves the interest rate assumption changes used to calculate contributions for the South Central Connecticut Regional Water Authority’s Retirement Plan and the South Central Connecticut Regional Water Authority’s Salaried Employees’ Retirement Plan be reduced from 7.25% to 7.00%, effective as of the actuarial valuation of January 1, 2016; and be it further

RESOLVED, that the Authority approves the South Central Connecticut Regional Water Authority’s Retirement Plan and the South Central Connecticut Regional Water Authority’s Salaried Employees’ Retirement Plan be changed from the 2015 IRS Mortality (M/F) for Non-Annuitants and Annuitants Tables to the RP-2014 Blue Collar Employee (Retirement Plan) and White Collar Employee (Salaried

Employees' Retirement Plan), Healthy Annuitant and Disabled Retiree (M/F) with MP-2015 Generational Projection from 2006, effective as of the actuarial valuation of January 1, 2016; and be it further

RESOLVED, that the Authority approves a combined contribution of \$5,926,418 to the South Central Connecticut Regional Water Authority's Retirement Plan and the South Central Connecticut Regional Water Authority's Salaried Employees' Retirement Plan, effective for the actuarial valuation of January 1, 2016, during fiscal year 2017.

Mr. Curseaden seconded the motion. After discussion, the Chair called for the vote.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Marsh discussed changes to the discount rate, mortality table, healthcare cost trend assumptions and contribution level of the South Central Connecticut Regional Water Authority's Retired Employees' Contributory Welfare Trust. Mr. DiSalvo moved for adoption of the following resolutions:

RESOLVED, that the Authority approves interest rate assumption changes used to calculate contributions for the South Central Connecticut Regional Water Authority's Retired Employees' Contributory Welfare Trust be reduced from 7.25% to 7.00%, effective as of the actuarial valuation of January 1, 2016; and be it further

RESOLVED, that the Authority approves that the mortality table for the South Central Connecticut Regional Water Authority's Retired Employees' Contributory Welfare Trust be changed from the RP-2014 Employee and Healthy Annuitant mortality tables projected generationally with Scale MP-2014 to the RP-2014 Employee and Healthy Annuitant with Scale MP-2015, generational improvements from 2006 (Male/Female), effective as of the actuarial valuation of January 1, 2016; and be it further

RESOLVED, that the Authority approves that the South Central Connecticut Regional Water Authority's Retired Employees' Contributory Welfare Trust healthcare cost trend assumption be reduced from 9.00% per year graded down by 0.5% per year to an ultimate rate of 4.5% per year to 8.50% per year graded down using the Getzen Model to an ultimate rate of 3.84% per year, effective as of the actuarial valuation of January 1, 2016; and be it further

RESOLVED, that the Authority approves a contribution of \$2,301,582 to the South Central Connecticut Regional Water Authority's Retired Employees' Contributory Welfare Trust, effective for the actuarial valuation of January 1, 2016, during fiscal year 2017.

Mr. Curseaden seconded the motion. After discussion, the Chair called for the vote.

Cermola	Aye
Curseaden	Aye

DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

The Chair proposed to remove item D.4, *Monthly Financial Report – March 2016*, from the consent agenda and move it prior to Item E, for discussion.

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

1. Approve minutes of the March 17, 2016 and April 5, 2016 meetings.
2. Approve capital budget authorization for May 2016.

RESOLVED, that the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$4,900,000 for the month of May 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 April 14, 2016.
4. Receive accounts receivable update for March 2016.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mss. Discepolo and Kowalski reviewed the monthly financial report for March 2016. They stated the projected maintenance test for FY 2016 is 119% with no projected draw from the Rate Stabilization Fund. Discussion took place regarding RWA's pension contribution for FY 2016.

Mr. Cermola and Ms. Zanella-Dyer, RWA's Vice President Service & Technology, led a discussion on how changing customer demographics affect system costs, etc. Mr. Cermola reviewed demographics with the smallest effects and those with the most effects, population growth, and current trends.

At 2:53 p.m., Ms. Zanella-Dyer withdrew from the meeting.

Messrs. Curseaden and Flynn, RWA's Vice President of Operations, updated the Authority on the current role of the construction crew. Mr. Flynn provided a ten-year history

of RWA's construction crew, discussed the results of audits performed in 2010, 2012 and 2015, reported ongoing process improvements in RWA's Operations Division, and noted expected outcomes for the future.

At 3:17 p.m., Mr. Flynn withdrew from the meeting.

It was the consensus of the Authority to defer Items E.3, E.4 and E.5 to the next regular meeting of the South Central Connecticut Regional Water Authority, scheduled for May 19, 2016, due to time constraints.

Ms. Discepolo provided a briefing on a proposed Bond Refinancing. She reviewed a handout prepared by RWA's advisors, Acacia Financial Group, Inc., which included benefits to RWA of refinancing select maturities contained in the 20th A, 21st, 22nd and 23rd Series Bonds. After discussion, it was the consensus of the Authority that Ms. Discepolo proceed with refinancing options.

Ms. Discepolo reviewed the Resolution to approve the Proposed Issuance of Bonds for the Water Tank Paint Project. This program is funded through the Connecticut Drinking Water State Revolving fund program. The request is for \$3,000,000. Ms. Lieberman moved for adoption of the following resolution:

WHEREAS, the Water Tank Paint Project, described below was included in the South Central Connecticut Regional Water Authority's (the "Authority") capital improvement plan adopted May 21, 2015, as amended on November 19, 2015; and

WHEREAS, the Authority wishes to finance the Water Tank Paint Project with financial assistance from the State of Connecticut (the "State") Drinking Water Fund Program.

NOW THEREFORE BE IT 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") 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 Three Million Dollars (\$3,000,000) in aggregate principal amount.
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.

3. The purposes of the Bonds shall be to finance or refinance the cost of painting the tank interior and exterior and installing stairs at the North Branford Water Storage Tank, located in North Branford, Connecticut; painting the tank interior and exterior and installing stairs at the Fountain Lake Water Storage Tank, located in Ansonia, Connecticut; and painting the tank interior of the Shingle Hill Water Storage Tank in West Haven, Connecticut; and to pay costs of issuance of the Bonds (the “Water Tank Paint Project”).
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.
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 \$3,000,000 in anticipation of the receipt of the proceeds from the sale of such Bonds.
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 Water Tank Paint Project and sign such application and any other documents which may be necessary or desirable to apply for eligibility of and to apply for and obtain financial assistance for the Water Tank Paint Project 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 Water Tank Paint 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 Water Tank Paint 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.

Mr. Curseaden 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 to approve the Proposed Issuance of Bonds for the Lake Saltonstall Intake and Raw Water Pump Station Project. This program is funded through the Connecticut Drinking Water State Revolving fund program. The request is for \$3,000,000. Mr. Curseaden moved for adoption of the following resolution:

WHEREAS, the Lake Saltonstall Intake and Raw Water Pump Station Improvements Project as described below was approved by the Representative Policy Board of the South Central Connecticut Regional Water District (the “RPB”) in the amount of \$2,600,000 on October 16, 2014 and an additional amount of \$400,000 on February 19, 2015; and

WHEREAS, the Authority wishes to finance the Lake Saltonstall Intake and Raw Water Pump Station Improvements Project with financial assistance from the State of Connecticut (the “State”) Drinking Water Fund Program.

NOW THEREFORE BE IT 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 Three Million Dollars (\$3,000,000) in aggregate principal amount.
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.
3. The purposes of the Bonds shall be to finance or refinance the cost of the rehabilitation of the existing intake and pump station at Lake Saltonstall Intake and Raw Water Pump Station in East Haven, Connecticut and to pay costs of issuance of the Bonds (the “Lake Saltonstall Project”).

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.
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 \$3,000,000 in anticipation of the receipt of the proceeds from the sale of such Bonds.
2. The President / Chief Executive Officer, the Vice President and Chief Financial Officer, the Controller and any Vice President or any one or combination of these individuals may apply to the State Department of Public Health for eligibility and funding of the Lake Saltonstall Project and sign such application and any other documents that may be necessary or desirable to apply for eligibility of and to apply for and obtain financial assistance for the Lake Saltonstall Project 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 Lake Saltonstall 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 Lake Saltonstall 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

Ms. DiGianvittorio distributed a handout and provided an employee engagement update of the internal survey taken by RWA employees in September and October 2015. She reported that the survey was issued to improve RWA's business strategy using employees' thoughts and ideas. Ms. DiGianvittorio noted that RWA has implemented three action

councils for communication, recognition and understanding of RWA's strategic plan. She also stated that RWA is reviewing alternative performance review systems as a result of the survey.

Mr. Bingaman:

- Provided a hiTechFOCUS update. He noted that the final review of bids to purchase meters is underway; six of eight SAP blueprint sessions are completed; six (DCU) installations were accepted; integrated plan for all RWA and Sensus work streams is nearing completion; the Risk team is finalizing development phase mitigation plans; and the AMI video storyboard and planned communications for March are completed. The three-month look ahead includes awarding a meter bid; finalizing the consolidation of all sub-plans into overall project plan for the development phase by March 31, 2016; finalizing DCU installation plans for both RWA and possible non-RWA sites and installing the first two DCUs; installing the first 25 MIU's for component testing; business process redesign and optimization will begin; SAP blueprinting sessions are scheduled to be completed in April; and the network and communications design draft between RWA, Sensus data centers, and DCUs are scheduled to be finalized. Mr. Bingaman highlighted hiTechFOCUS's quality assurance assessment program and stated that no issues exist, but governance and employee buy-in implementation plans are being monitored. He noted that key milestones have been reset and reported; communications and organizational readiness are ongoing; the requests for quotation and request for proposal are completed; a procurement contract was awarded and executed in December 2015; contractor ramp up and network setup and SAP integration are completed; 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 to April 2017; full scale deployment is planned to begin in April 2017; and the monthly billing project build will take place in January 2019 and is expected to be completed in January 2020.
- Announced that the amendments to RWA's Enabling Legislation was passed in the State Senate yesterday by unanimous vote on the consent calendar. He urged members to reach out to legislators.
- Reported on Senate Bill 422, which undermines Connecticut's competitiveness through overreaching water regulation, is scheduled for consideration. He noted that opposition against this bill should be made to local representatives.
- Noted that reservoir storage levels are currently at 87%, up from 80% in March, with a long-term average of 92%, due to increased use of storage in North Branford.
- Provided an update on meetings that took place with Branford and Hamden Economic Development Commissions to present RWA's economic development study and the need for the region's economic development commissions to collaborate to develop a vision on branding in the area. He noted that he spoke with Eric Canada, Chief Executive Officer of Blane Canada Ltd., RWA's consultant for economic development, to discuss a possible facilitated session to develop branding.

- Highlighted that, as a result of presenting at the United Illuminating last month, RWA was introduced to the Connecticut Economic Development Association and is scheduled to meet with them tomorrow.
- Reported that he is working with the Sandy Breslin, Bethany's representative on the South Central Connecticut Regional Authority Representative Policy Board, to invite a group of environmental organizations to the RWA to introduce them to RWA's economic development strategy at the end of May or early June.

Authority members reported on recent Representative Policy Board committee meetings.

At 3:45 p.m., Mr. Norris entered the meeting.

Mr. Norris provided an update on changes to the FY 2017 Capital Budget. Mr. Curseaden moved for the following resolution:

WHEREAS, the South Central Connecticut Regional Water Authority ("RWA" or "Authority") reviewed the FY 2017 Capital and Operating and Maintenance Budgets at a special meeting on April 5, 2016; and

WHEREAS, the following Capital Budget policy changes, effective June 1, 2016, were requested.

NOW THEREFORE BE IT RESOLVED THAT:

1. That the Authority hereby authorizes the RWA's Capital Program Control Team ("CPCT") to solely approve amendments of \$25,000 or less; and

That the CPCT be authorized to take such actions and execute such documents as are determined necessary or advisable and in the best interest of the RWA; and

That notification of such approval is provided to the RWA's Capital Management Committee and the Authority.

2. That unexpended capital funds resulting from verified capital efficiencies be transferred from the project to the budget contingency; and

That such transfers shall only be made with the approval of the appropriate division RWA Vice President, Vice President and Chief Financial Officer and/or Controller, and President and Chief Executive Officer (the "Officers"); and

That the Officers be authorized to take such actions and execute such documents as are determined necessary or advisable and in the best interest of the RWA; and

That notification of such transfers be made to the Authority.

3. That the threshold for Type B2 capital budget amendments is increased from the current \$300,000 to \$500,000. Such capital budget amendments require approval by the Chief Executive Officer and notification of such approval to the Authority; and

That the Chief Executive Officer be authorized to take such actions and execute such documents as are determined necessary or advisable and in the best interest of the RWA.

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 3:55 p.m., Mr. Dubno withdrew from the meeting and Ms. Gavrilovic and Messrs. Delvecchio and Flynn entered the meeting.

Mr. Delvecchio and Ms. Gavrilovic distributed a handout and reviewed the Application for approval of a project to complete the Brushy Plains Water System Improvements. Mr. Curseaden moved for adoption of the following resolutions:

RESOLVED, that the Authority hereby accepts the Application for approval of a project to complete the Brushy Plains Water System Improvements in Branford, 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 project to complete the construction of the Water System Improvements.

Mr. Marsh 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 a project to complete the Brushy Plains Water System Improvements, 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, C and D, “Confidential Information,” of the Authority’s Application.

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

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 4:24 p.m., Ms. Gavrilovic and Messrs. Delvecchio, Flynn, Norris withdrew from the meeting.

At 4:24 p.m., on motion made by Mr. Cermola, seconded by Mr. Marsh, 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. DiGianvittorio, Discepolo, Kowalski, Slubowski and Messrs. Bingaman and Peloquin.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 4:35 p.m., the Authority reconvened and on motion made by Mr. Marsh, seconded by Mr. Curseaden, and unanimously carried, the meeting adjourned.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Respectfully submitted,

Gail F. Lieberman, Secretary