

**South Central Connecticut Regional Water Authority
Minutes of the June 16, 2016 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority took place on Thursday, June 16, 2016, at the office of the Authority, 90 Sargent Drive, New Haven, CT, Chairman DiSalvo presiding.

Present: Authority – Ms. Lieberman, Messrs. Cermola, Curseaden (via teleconference), DiSalvo and Marsh
Management – DiGianvittorio, Discepolo, Kowalski, Lima, Zanella-Dyer and Messrs. Bingaman and Dupre
RPB – Messrs. Borowy and Levine
Staff – Mrs. Slubowski

The Chair called the meeting to order at 12:30 p.m. He proposed to reorder the agenda to move Item G, *Compensation Philosophy Discussion*, before Item J. On motion made by Mr. Cermola, seconded by Mr. Marsh, and unanimously carried, it was voted to reorder the agenda.

Cermola	Aye
Curseaden	Absent
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Bingaman reviewed the safety moment, “*The best time to weather the storm is before it arrives.*”

At 12:35 p.m., on motion made by Ms. Lieberman, seconded by Mr. Marsh, it was voted unanimously to recess the regular meeting to allow the Authority to meet as the Environmental, Health, Safety and Risk Assessment Committee.

Cermola	Aye
Curseaden	Absent
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 1:53 p.m., the Authority reconvened and, on motion made by Mr. Marsh, seconded by Mr. Cermola, it was voted unanimously to recess the meeting to allow the Authority to meet as the Strategic Planning Committee.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 2:27 p.m., the Authority reconvened.

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

1. Approve minutes of the May 19, 2016 meeting.
2. Approve capital budget authorization for July 2016.

RESOLVED, that the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$2,500,000 for the month of July 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate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 2017 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 memo dated June 9, 2016.
4. Receive Key Performance Indicators for the period ended May 31, 2016.
5. Receive accounts receivable update for May 2016.
6. Receive Fiscal Year 2017 Weighted Vote Computation for the Representative Policy Board.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Ms. Kowalski reviewed the preliminary unaudited figures for the fiscal year ended May 31, 2016, focusing on the balance sheet. She reviewed revenues, operating and maintenance expenses for the month ended May 31, 2016 and she stated the projected maintenance test for FY 2016 is 122%, with no projected draw from the Rate Stabilization Fund.

At 2:42 p.m., Mr. Curseaden withdrew from the meeting.

Ms. Kowalski distributed to Authority members a memorandum dated June 16, 2016, regarding “Distribution of Fiscal Year 2016 Revenue Fund Balance and General Fund Balance per Section 404D of the *General Bond Resolution*.” She commented on the funds available for allocation, the required transfer to the Operating Reserve Fund, the transfers proposed by management to the General Fund and from the General Fund to the Rate Stabilization Fund and Construction Fund. She also discussed the creation of a new sub-account, General Fund – Corporate Development, to be used for RWA’s non-core expenses.

Mr. Cermola moved for adoption of the following resolution:

WHEREAS, the Vice President and Chief Financial Officer has and will make certain transfers from the Revenue Fund as required by Section 404D of the General Bond Resolution; and

WHEREAS, the balance remaining in the Revenue Fund after taking into account such transfers as of year-end is approximately \$11,940,979 and pursuant to the General Bond Resolution will be deposited to the General Fund;

NOW, THEREFORE, BE IT HEREBY RESOLVED, that after such transfer is made to the General Fund, the balance of the General Fund is approximately \$21,940,979.

BE IT FURTHER RESOLVED, that \$2,465,000 be deposited in the General Fund-Corporate Development.

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

Cermola	Aye
Curseaden	Absent
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Marsh moved for adoption of the following resolution:

WHEREAS, pursuant to section 410 of the General Bond Resolution, the Authority may apply any moneys in the General Fund to any lawful purpose of the Authority;

NOW, THEREFORE, BE IT HEREBY RESOLVED, by the Regional Water Authority:

The Vice-President and Chief Financial Officer is hereby authorized and directed to transfer and pay over from the General Fund, \$9,475,979 to the Construction Fund.

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

Cermola	Aye
Curseaden	Absent
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Ms. Kowalski described proposed revisions to the fiscal year 2017 Capital Budget totaling \$605,444, resulting in an amended capital budget totaling \$27,885,000 (excluding state and redevelopment). Mr. Cermola moved for adoption of the following resolution:

RESOLVED, That the proposed revisions to the capital budget for the Authority for the 2017 fiscal year presented to this meeting, including a revised plan of capital improvements for the 2017 through 2021 fiscal years, is hereby adopted and ordered to be filed with the records and the U.S. Bank National Association pursuant to Section 614 for the General Bond Resolution.

Mr. Marsh seconded the motion. The Chair called for a vote:

Cermola	Aye
Curseaden	Absent
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 3:03 p.m., Mr. Dupre entered the meeting and Mr. Levine withdrew from the meeting.

Mr. Bingaman:

- Introduced Kevin Dupre, RWA's Director of Service, who provided a hiTechFOCUS update. Mr. Dupre reviewed a presentation and stated that the project is on schedule and on budget. He noted that the project is out of the procurement phase and has moved to the development phase with the focus on building technology to increase the amount of information that RWA receives. He reviewed details of the system: schematics, components, endpoints and the test bench. Discussion took place regarding customer portal options.
- Announced that the refinancing is complete and Standard and Poor's rating for RWA was upgraded from A+ to AA-/Stable outlook by unanimous decision and is consistent with Moody's rating of Aa3/Stable outlook. Strengths cited were improved liquidity, stability in the service area, strong management practices, willingness to increase rates, ample water supply and treatment capacity and an experienced management team. He highlighted that RWA customers will benefit from this rating due to the anticipated reduction of the interest rate on future bond financings.
- Reported that he met with Mr. Havrda, the RPB's Guilford representative, and the President and Vice President of the Guilford Land Trust to discuss RWA's enabling legislation and environmental concerns. Mr. Bingaman will meet at the end of July with district environmental groups and the area Land Trust leaders and will schedule a meeting with legislators to answer concerns and to gather input. He stated that a copy of the legislation would be distributed to the full RPB for its review, comment and a vote of the final changes before year-end.
- Stated that reservoir levels are at 86% compared to the historical average of 90%, running four to five percent below average.
- Highlighted a presentation to the Branford Rotary on May 31, 2016 to discuss RWA's activities and conscious capitalism and is scheduled to meet next week with the Cheshire Economic Development Commission. He will meet this week with Bob Santy, President and CEO of the Connecticut Economic Resource Center, to discuss forming a water cluster in New Haven.

Authority members reported on recent meetings of the Representative Policy Board committees and assignments were made for attendance at the third quarter 2016 RPB committee meetings.

Mr. Marsh led a discussion on Compensation Philosophy. Discussion took place regarding the formation of a compensation plan, pros and cons, and RWA's non-profit utility status compared to other utilities that offer market-based wages for similar positions. Next steps will include exploring tools and consultants or other resources to develop a total compensation plan.

At 3:55 p.m., Mr. Borowy withdrew from the meeting.

At 4:15 p.m., on motion made by Mr. Marsh, seconded by Ms. Lieberman, and unanimously carried, it was voted to go into executive session to discuss personnel matters, the enabling legislation and strategy and negotiations, which counsel has advised is exempt from public disclosure requirements. Present in executive session were Authority members Mr. Cermola, Mr. DiSalvo, Ms.

Lieberman and Mr. Marsh and Mss. DiGianvittorio, Discepolo, Kowalski, Lima, Slubowski, Zanella-Dyer and Mr. Bingaman.

At 4:29 p.m., the Authority reconvened and on motion made by Mr. Cermola, seconded by Mr. Marsh, and unanimously carried, the meeting adjourned.

Cermola	Aye
Curseaden	Absent
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Respectfully submitted,

Gail F. Lieberman, Secretary