

South Central Connecticut Regional Water Authority

Minutes of the July 21, 2016 Meeting

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

Present: Authority – Ms. Lieberman, Messrs. Cermola, Curseaden, DiSalvo and Marsh
Management – Mss. DiGianvittorio, Discepolo, Lima, Kowalski, Nesteriak and Mr. Bingaman
RPB – Ms. Dybas and Mr. Borowy
Staff – Mrs. Slubowski

The Chair called the meeting to order at 12:30 p.m. He proposed to add an item to the agenda before Item G, *Meet as Pension, Benefit & Compensation Committee*, to discuss the RWA Self-Evaluation and a restructuring of the Pension, Benefit & Compensation Committee. On motion made by Mr. Curseaden, seconded by Mr. Marsh, and unanimously carried, it was voted to add an item and reorder the agenda.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Mr. Bingaman reviewed the safety moment, “*Take Precautions to Prevent Heat.*”

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 June 16, 2016 meeting.
2. Approve capital budget authorization for August 2016.

RESOLVED, that the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$2,725,000 for the month of August 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate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 July 14, 2016.
4. Receive monthly financial report for June 2016.
5. Receive accounts receivable update for June 2016.

6. Approve Transfer from Capital Contingency:

WHEREAS, the General Bond Resolution provides that the Capital Contingency Fund be funded at 1% of the outstanding amount of bonds; and

WHEREAS, the General Bond Resolution further provides that whenever the monies in the Capital Contingency Fund exceeds its requirement the Authority may transfer such amount then exceeding such requirement to the Construction Fund; and

WHEREAS, the Capital Contingency Fund was funded with the proceeds of bonds.

NOW THEREFORE BE IT RESOLVED: that the Authority hereby directs management to transfer \$500,108 from the Capital Contingency Fund to the Construction Fund.

7. Report on Code of Ethics Compliance for six month period ending May 31, 2016.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Ms. Discepolo distributed a handout and discussed the impact of refinancing on RWA's FY 2017 projected results. She highlighted that RWA is one month into FY 2017 and the projected maintenance test is at 118% with no projected draw from the Rate Stabilization Fund. Ms. Discepolo reported that RWA is currently in a good financial position due the successful bond refinancing with the lower debt service requirement more than offsetting a decrease in revenue due to lower than anticipated cash collections. Discussion took place regarding savings on debt service payments.

Ms. DiGianvittorio provided an employee engagement update of the internal survey taken by RWA employees in September and October 2015. As a result of the employee survey, RWA offered 25 training sessions and 15 safety and technical training sessions. Ms. DiGianvittorio highlighted five employee events that took place and two brown bag lunches conducted by RWA employees concerning recreation and social media. She noted that three action councils were formed to address three key themes from the survey: Communication Action Council; Recognition Action Council; and the Strategic Plan Awareness Council. Ms. DiGianvittorio also noted that smart phones were distributed to field personnel to improve communications.

Mr. Bingaman presented a video to the Authority entitled, "*Cost of Water*," created by RWA to educate consumers on costs associated with water use and RWA operations. Discussion took place regarding promoting the video on municipality websites and local television stations.

Ms. Nesteriak, RWA's Senior Advisor to the President and Director of Business Strategy, provided a hiTechFOCUS update. She reported that major areas accomplished were RWA's IT integration, including technical specifications and components, and the continuation of unit testing. The next phase includes preparation for field deployment scheduled for the end of 2016. The update included details regarding the continued building of SAP functional and technical specifications for the IT components; continued unit testing and initiated integration testing between all the systems to ensure data flow; development of installation control and field readiness plan for field deployment; continued process review and documentation. In addition, she reported meetings scheduled with South Central Regional Council of Governments and the Naugatuck Valley Council of Governments in September; and filming of the hiTechFOCUS video has commenced. The three-month look ahead includes: finalizing the Seymour Data Collection Unit (DCU) installation plan; installing the remaining DCUs;

completion of SAP build to accommodate the automated metering infrastructure, as well as unit testing and integration testing; completing business process redesign and optimization reviews; awarding a meter contract; continued communications with town/city CEOs and completion of the project video. Ms. Nesteriak discussed hiTechFOCUS's testing process designed to build and ensure the quality of the testing system. She noted that key milestones remain unchanged.

Mr. Bingaman

- Reported that he is working with Paul McCary, of Murtha Cullina LLP, to refine the proposed changes to the RWA's enabling legislation.
- Stated that on July 26, 2016, he and Ms. Breslin (RWB's Bethany representative) are scheduled to meet with the environmental community and area land trusts to review RWA's governance structure, discuss RWA's economic development strategy and to review the proposed changes to the enabling legislation, address any questions or concerns, and seek input.
- Highlighted that RWA continues to work with Blane Canada, RWA's consultant for economic development, on the next phase of RWA's economic development plan. As part of the next phase, the New Haven Chamber of Commerce and RWA will co-host a meeting for economic development groups to assist in creating a vision and branding for regions to reach out to organizations to discuss marketing on a broader basis.
- Announced that he and Tony Rescigno, as representatives of the New Haven Chamber of Commerce, met with the New Haven Register earlier in the week to discuss local challenges regarding economic development within the City of New Haven. The article is scheduled to be published this week.
- Stated that reservoir levels, as of July 18, 2016, are at 77% compared to the historical average of 84%. Reservoir levels at the end of July 2015 were at 81%. He reported that the Lake Whitney Water Treatment Plant is scheduled to run 24/7 to increase production to 4.8 million gallons per day to allow the Lake Gaillard Water Treatment Plant to build capacity.
- Reported that he accepted an invitation to join Southern Connecticut State University's Business Advisory Council.
- Reminded the Authority of the New Haven Chamber Business Before Hours event scheduled for August 9, 2016 at the Whitney Water Treatment Plant.
- Announced that the RWA's Police Captain Paul Schilling will be retiring at the end of this year. His replacement will start in mid-August.

Authority members reported on recent Representative Policy Board committee meetings.

Mr. DiSalvo distributed a self-evaluation form to Authority members to be completed and returned to the Authority office no later than September 1, 2016.

Mr. DiSalvo announced that he is restructuring the responsibilities of the Pension, Benefit & Compensation Committee into two separate committees. He distributed a list of responsibilities for the committee charters and noted that committee suggestion forms will be distributed next month.

At 1:49 p.m., on motion made by Mr. Marsh, 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 3:42 p.m., the Authority reconvened.

Mr. Marsh reported on the Pension, Benefit and Compensation Committee’s discussion of the Chief Executive Officer’s (CEO) FY 2017 Goals and Global Metrics; a base salary increase of 3% for the CEO and senior management, effective June 1, 2016; the approval of the FY 2016 Global Metrics bonus payout of 1% of FY2016 base pay contribution to the 401K of all eligible employees of the organization; and Bonus Payout of 7% for RWA’s CEO and senior management. Mr. Marsh moved for adoption of the following resolution:

RESOLVED, that the Authority approves the CEO’s FY 2017 Goals and Global Metrics, subject to adding a) recommending to the RWA a comprehensive compensation philosophy, and b) developing a process by which the RWA formulates goals for non-core revenue.

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 Authority authorizes management to implement a 3% increase for RWA’s CEO and senior management, effective June 1, 2016, with the commitment that management will pursue P50 over the next two years and will engage the services of a consultant to evaluate executive compensation; and

BE IT FURTHER RESOLVED, that the salaries of the following officers of South Central Connecticut Regional Water Authority shall be as follows:

Larry L. Bingaman, President & Chief Executive Officer.....	\$355,402
Donna DiGianvittorio, Vice President, Employee Services.....	\$160,425
Linda Discepolo, Vice President & Chief Financial Officer.....	\$214,302
Jim Flynn, Sr. Manager, Treatment & Distribution.....	\$172,425
Edward Norris, Vice President, Asset Management.....	\$177,170
Rochelle Kowalski, Controller.....	\$159,650
Jean Zanella-Dyer, Vice President, Service & Technology.....	\$185,658

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

Cermola Aye
Curseaden Aye
DiSalvo Aye
Lieberman Aye
Marsh Aye

Mr. Cermola moved for adoption of the following resolution:

RESOLVED, that the Authority approves RWA's FY 2016 global metrics bonus payout of 1% of FY2016 base pay contribution to the 401K of all eligible employees.

BE IT FURTHER RESOLVED, that the Authority approves RWA's FY2016 bonus payout of 7% for RWA's CEO and senior management.

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

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 3:51 p.m., on motion made by Mr. Cermola, seconded by Mr. Curseaden, and unanimously carried, it was voted to go into executive session to discuss strategy and negotiations. Present in executive session were Authority members, Mss. DiGianvittorio, Discepolo, Kowalski, Lima, Nesteriak, Slubowski and Mr. Bingaman.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

At 4:06 p.m., the Authority came out of executive session and on motion made by Mr. Curseaden, seconded by Mr. Cermola, and unanimously carried, the meeting adjourned.

Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Lieberman	Aye
Marsh	Aye

Respectfully submitted,

Gail F. Lieberman, Secretary