

**South Central Connecticut Regional Water Authority
Minutes of the June 17, 2021 Meeting
Via Remote Access**

A regular meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) took place on Thursday, June 17, 2021 via remote access. Chairman Borowy presided.

Present: Authority–Messrs. Borowy, Curseaden, DiSalvo and Mss. LaMarr and Sack
Management – Mss. Kowalski, Nesteriak, Reckdenwald and Messrs. Bingaman, Norris and Singh
RPB – Mr. Levine
Staff – Mrs. Slubowski

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

Ms. Reckdenwald, the RWA’s Senior Vice President of Corporate Services, reviewed the Safety Moment distributed to members.

At 12:33 p.m., on motion made by Mr. Curseaden, seconded by Mr. DiSalvo, and unanimously carried, the Authority voted to recess the meeting to meet as the Commercial Business Committee.

Borowy	Aye
Curseaden	Aye
DiSalvo	Aye
LaMarr	Aye
Sack	Aye

At 2:52 p.m., the Authority reconvened and on motion made by Ms. LaMarr, seconded by Mr. Curseaden, and unanimously carried, the Authority voted to recess the meeting to meet as the Strategic Planning Committee.

Borowy	Aye
Curseaden	Aye
DiSalvo	Aye
LaMarr	Aye
Sack	Aye

At 2:56 p.m., Mr. Levine entered the meeting.

At 3:09 p.m., the Authority reconvened.

Mr. Curseaden, Chair of the RWA Commercial Business Committee, reported that the Committee recommended two resolutions, as discussed in executive session. He moved for approval of the following resolution:

WHEREAS, the Board has previously authorized the formation of RWA Commercial Enterprises, LLC, a Connecticut limited liability company and wholly-owned subsidiary of the Authority (“**RWA Enterprises**”); and

WHEREAS, the Board deems it to be advisable and in the best interest of the Authority to ratify the formation of RWA Well Services, LLC, a Connecticut limited liability company

and wholly-owned subsidiary of RWA Enterprises (the “**Acquisition Sub**”) for the purpose of acquiring all of the assets of a Connecticut-based water well services company as more fully discussed in executive session (the “**Seller**”); and

WHEREAS, the Board deems it to be advisable and in the best interest of the Authority to approve the operating agreement for each of RWA Enterprises and Acquisition Sub; and

WHEREAS, the Board deems it to be advisable and in the best interests of the Authority to authorize Acquisition Sub to enter into that certain Asset Purchase Agreement by and between Acquisition Sub and substantially in the form provided to the Board on or about June 17, 2021 (the “**Asset Purchase Agreement**”), pursuant to which Acquisition Sub will purchase all or substantially all of the assets of the Seller (the “**Asset Purchase**”).

NOW THEREFORE LET IT BE RESOLVED, that the Certificate of Formation for Acquisition Sub filed in the Office of the Secretary of the State of Connecticut on May 21, 2021 be, and it hereby is, declared to be advisable, approved adopted and ratified as the Certificate of Formation of Acquisition Sub; and

RESOLVED, that the entry of each of the Authority and RWA Enterprises into that certain Operating Agreement of RWA Enterprises, LLC substantially in the form provided to the Board on or about June 17, 2021 (the “**RWA Enterprises Operating Agreement**”) be, and it hereby is, declared advisable, approved, adopted and ratified as the operating agreement of RWA Enterprises; and

RESOLVED, that the entry of RWA Enterprises and Acquisition Sub into that certain Operating Agreement of RWA Wells Services, LLC substantially in the form provided to the Board on or about June 17, 2021 (the “**Acquisition Sub Operating Agreement**”, and, collectively with the Asset Purchase Agreement and the RWA Enterprises Operating Agreement, the “**Transaction Documents**”) be, and it hereby is, declared advisable, approved, adopted and ratified as the operating agreement of Acquisition Sub; and

RESOLVED, that the form, terms and provisions of the Asset Purchase Agreement, including all exhibits and schedules attached thereto, be, and hereby are, determined to be fair, advisable, and in the best interest of the Authority and Acquisition Sub; and that the Asset Purchase Agreement be, and hereby is, adopted and approved; and

RESOLVED, that each of Larry L. Bingaman, the President and Chief Executive Officer of the Authority and a manager of Acquisition Sub, and Rochelle Kowalski, the Vice President of Financial Reporting and Analysis of the Authority and a manager of Acquisition Sub (each such person, an “**Authorized Officer**”) be, and each of them hereby is, authorized and empowered to execute and deliver the Asset Purchase Agreement, including all exhibits and schedules attached thereto, in the name and on behalf of Acquisition Sub with such additions, deletions, or changes therein (including, without limitation, any additions, deletions, or changes to any schedules or exhibits thereto) as the Authorized Officer executing the same shall approve (the execution and delivery thereof by any such Authorized Officer to be conclusive evidence of his or her approval of any such additions, deletions, or changes); and

RESOLVED, that Acquisition Sub be, and hereby is, authorized and empowered to perform all of its obligations under the Asset Purchase Agreement, including but not limited to, the Asset Purchase; and

RESOLVED, that each of the Authorized Officers be, and each of them hereby is, authorized and empowered to execute and deliver each of the Transaction Documents, including all exhibits and schedules attached thereto, in the name and on behalf of Acquisition Sub with such additions, deletions, or changes therein (including, without limitation, any additions, deletions, or changes to any schedules or exhibits thereto) as the Authorized Officer executing the same shall approve (the execution and delivery thereof by any such Authorized Officer to be conclusive evidence of his or her approval of any such additions, deletions, or changes); and

RESOLVED, that Acquisition Sub be, and hereby is, authorized and empowered to perform all of its obligations under the Transaction Documents.

RESOLVED, that each of the Authorized Officers be, and each of them hereby is, authorized and empowered to take all such further action and to execute and deliver all such further agreements, certificates, instruments, and documents, in the name and on behalf of Acquisition Sub, to pay or cause to be paid all expenses; to take all such other actions as they or any one of them shall deem necessary, desirable, advisable, or appropriate to consummate, effectuate, carry out, or further the transactions contemplated by and the intent and purposes of the foregoing resolutions; and

FURTHER RESOLVED, that the omission from these resolutions of any agreement or other arrangement contemplated by any of the agreements or instruments described in the foregoing resolutions or any action to be taken in accordance with any requirements of any of the agreements or instruments described in the foregoing resolutions shall in no manner derogate from the authority of the Authorized Officers to take all actions necessary, desirable, advisable, or appropriate to consummate, effectuate, carry out, or further the transactions contemplated by and the intent and purposes of the foregoing resolutions.

Mr. Curseaden stated that the asset purchase supported the purpose of Committee, the RWA's long-term strategy, and sustainability. He thanked management for the time spent and due diligence completed to move the asset purchase forward.

Chair Borowy stated that the asset purchase will help move the organization forward and mitigate rate increases for the RWA's customers.

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

Borowy	Aye
Curseaden	Aye
DiSalvo	Aye
LaMarr	Aye
Sack	Aye

Mr. Curseaden moved for approval of the resolution for the Eighth Amendment to the Authority's Voluntary Investment Plan ("Amendment"):

RESOLVED, that the Authority Voluntary Investment Plan be, and it hereby is, amended by the Eighth Amendment, effective as of July 1, 2021; and be it

FURTHER RESOLVED, that the Authority hereby designated RWA Well Services, LLC as a Participating Employer under the Authority Voluntary Investment Plan, effective July 1, 2021, subject to the adoption of the Authority Voluntary Investment Plan by RWA Well

Services, LLC as a Participating Employer thereunder for the benefit of its eligible employees, as evidenced by appropriate resolutions duly adopted by RWA Well Services, LLC's Board of Managers; and be it

FURTHER RESOLVED, that the Chairperson of the Authority be, and he hereby is, authorized, empowered and directed to execute the Eighth Amendment to the Authority Voluntary Investment Plan on behalf of the Authority, and the appropriate officers of the Authority are authorized, empowered and directed to take any and all additional actions which they deem necessary or appropriate in order to implement the same.

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

Borowy	Aye
Curseaden	Aye
DiSalvo	Aye
LaMarr	Aye
Sack	Aye

Mr. Curseaden stated that based on comments from committee members, the Amendment was in the RWA's best interest and in line with the asset purchase.

On motion made by Ms. LaMarr, seconded by Mr. Curseaden, and unanimously carried, the Authority voted to approve, adopt, or receive, as appropriate:

1. The minutes of its May 20, 2021 meeting.
2. Capital budget authorization for July 2021.

RESOLVED, that the Vice President of Financial Reporting and Analysis is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$1,960,000 for the month of July 2021 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 2022 for all Capital Improvement Projects to be exceeded.

3. Capital Budget Transfer Notifications detailed in Ms. Kowalski's memorandum dated June 11, 2021.
4. Key Performance Indicators for the period ended May 31, 2021.
5. Accounts Receivable Update for May 2021.
6. FY 2022 RPB Weighted Vote Calculation.
7. FY 2022 Application Schedule.
8. RPB Dashboard Quarterly Report.
9. Derby Tank Project Update.
10. North Cheshire Development Update.
11. Bid Exemption – Elevator Improvements & Maintenance.

Borowy	Aye
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Curseaden Aye
DiSalvo Aye
LaMarr Aye
Sack Aye

Ms. Nesteriak, RWA's Executive Vice President and Chief Operating Officer, provided an update of operations and the return to work policy at the RWA, which included:

- Employee health metrics and vaccination status
- Return to work and remote work policy

Mr. Bingaman:

- Stated that Leadership Team members are currently reviewing Authority Committee Charters with respective Committee Chairs. The revised Charters will be presented at committee meetings for approval.
- Reported that the RWA is currently working with bond counsel to determine its eligibility regarding a recently passed Senate bill that supports environmental infrastructure and possible funding from the Green Bank.
- Commented on three applications submitted by management to the Congressionally Directed Spending program for funding of projects up to \$2 million. The three applications are related two projects at Lake Saltonstall Water Treatment Plant and one project at the South Sleeping Giant wellfield facility. The RWA is also working with a jurisdiction in our service territory for possible infrastructure funding.
- Reported on the status of the volunteer work group for Diversity, Equity and Inclusion in the RWA workforce called Tapping Inclusion, Diversity and Equity (TIDE Council). The TIDE Council is working with Leading Culture Solutions to increase the organizations ability to appreciate differences across the work environment. A survey was recently sent out and 130 employees responded. Management will report the results of the survey at an upcoming board meeting.

Ms. Kowalski, RWA's Vice President of Financial Reporting & Analysis, reviewed the Year-end Financial Report for the fiscal year ended May 31, 2021, which included:

- Balance sheet
- Statement of revenues, expenses, and changes in net position
- Maintenance test year-end projections
- Operating and maintenance key variances
- Capital budget
- Investment earnings report

Ms. Kowalski distributed to Authority members a memorandum dated June 17, 2021, regarding "Distribution of Fiscal Year 2021 Revenue Fund Balance and General Fund Balance per Section 404D of the *General Bond Resolution*." She reported on funds available for allocation from the Revenue Fund and the General Fund.

Mr. DiSalvo moved for adoption of the following resolution:

WHEREAS, the Vice President of Financial Reporting & Analysis 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 \$17,691,845 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 \$33,839,845; and

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 that the Vice-President of Financial Reporting & Analysis is hereby authorized and directed to transfer and pay over from the General Fund, \$16,691,845 to the Construction Fund; and

ADDITIONALLY, the Vice President of Financial Reporting & Analysis is hereby authorized and directed to transfer and pay from the General Fund \$3,000,000 from the existing General Fund balance to the Construction Fund.

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 that the Vice-President of Financial Reporting & Analysis is hereby authorized and directed to transfer from the General Fund, \$1,000,000 to the Growth Fund.

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

Borowy	Aye
Curseaden	Aye
DiSalvo	Aye
LaMarr	Aye
Sack	Aye

Ms. Kowalski described proposed revisions to the fiscal year 2022 Capital Budget totaling \$1,096,106, resulting in an amended capital budget totaling \$40,307,000 (excluding state and redevelopment and the growth fund). Ms. LaMarr moved for adoption of the following resolution:

RESOLVED, that the proposed revisions to the Capital Budget for the Authority for the 2022 fiscal year presented to this meeting, including a revised plan of capital improvements for the 2022 through 2026 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.

Ms. Sack seconded the motion. The Chair called for a vote:

Borowy	Aye
Curseaden	Aye
DiSalvo	Aye
LaMarr	Aye
Sack	Aye

Ms. Kowalski provided an update on RWA's proposed extension of zero interest discussed with the Representative Policy Board Finance Committee ("Committee"). She stated that Governor Lamont's Executive Order 12B extended the emergency due to COVID-19 to July 20, 2021.

She stated that the Committee supported the extension at its July 14, 2021 meeting and a resolution will come before the Representative Policy Board ("RPB") for a vote at its meeting this evening.

Ms. Kowalski reviewed the upcoming rate application schedule with Authority members.

Authority members reported on recent RPB committee meetings and assignments were made for attendance at the third quarter 2021 RPB committee meetings.

Chair Borowy stated that a small ceremony will be held for Mr. Cermola to celebrate his dedication to the Authority and gratitude for his service.

Mr. Borowy read the following resolution in honor of Mr. Cermola:

WHEREAS, Joseph A. Cermola has faithfully served the South Central Connecticut Regional Water District as a member of the Regional Water Authority for forty-four years; and

WHEREAS, Joe became a member of the Regional Water Authority in 1977, and has served with great distinction as Vice Chair from 1992 to 2008, and from 2010 to 2020; and

WHEREAS, Joe served as Assistant Secretary/Treasurer of the Regional Water Authority from 1982 to 1991, and as Secretary/Treasurer in 2009; and

Whereas, Joe served as Chairman of the Audit-Risk Committee of the Regional Water Authority from 1999 to 2016, and in 2020; and

WHEREAS, Joe also served as Chairman of the Compensation Committee of the Regional Water Authority from 2017 to 2021; and

WHEREAS, Joe displayed a deep commitment to the mission, vision, and STARS values of the Regional Water Authority; and

WHEREAS, Joe's hard work, dedication and leadership contributed greatly to the Regional Water Authority's reputation as a leader in the water industry and as a strong steward of the environment; and

WHEREAS, Joe has unselfishly contributed his time and talents to the Regional Water Authority, and participated at all times in a gentlemanly fashion, while blending a keen insight with his extensive knowledge and experience in engineering and finance, and as an organizational leader.

NOW THEREFORE BE IT RESOLVED, that the South Central Connecticut Regional Water Authority hereby congratulates Joseph A. Cermola, gratefully acknowledges his forty-four dedicated years of continuous service and wishes him well in the future.

On motion made by Ms. Sack, seconded by Ms. LaMarr, and unanimously carried, the Authority voted to adopt the resolution. The Chair called for the vote.

Borowy Aye
Curseaden Aye

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DiSalvo	Aye
LaMarr	Aye
Sack	Aye

Mr. Borowy reported that this would be Ms. Nesteriak's last meeting. Board members expressed their gratitude and appreciation for her positivity, keen insight and energy that she brought to the RWA.

At 4:17 p.m., on motion made by Ms. Sack, seconded by Ms. LaMarr, and unanimously carried, the meeting adjourned.

Kevin Curseaden, Secretary