

**South Central Connecticut Regional Water Authority
Minutes of the October 20, 2016 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) took place on Thursday, October 20, 2016, at the office of the Authority, 90 Sargent Drive, New Haven, Connecticut, Chairman DiSalvo presiding:

Present: Authority – Ms. Lieberman, Messrs. Cermola, Curseaden, DiSalvo and Marsh
Management – Mss. Discepolo, Kowalski, Nesteriak, Zanella-Dyer and Messrs.
Bingaman, Hawley, Norris, Olejarczyk and Triana
RPB –Mr. Borowy
Great Blue Research: Ms. Gaona and Mr. McNamee
Staff – Mrs. Slubowski

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

Mr. Bingaman reviewed the safety moment distributed to members.

Mr. McNamee of Great Blue Research, RWA’s market research firm, reported on an annual Customer Satisfaction Survey performed in June 2016. He noted that approximately 600 surveys were conducted by telephone with RWA customers. The survey focused on the characteristics of the organization, water quality and impact, water taste, safety and smell. He stated that RWA received positive ratings in the areas of taste, water safety and smell, with the highest increase overall in field personnel. Mr. McNamee communicated that Great Blue recommends cultivating relationships with customers and keeping residents up to date with RWA’s Annual Water Quality Report. Discussion took place regarding customers’ willingness to take the survey and average length of the survey.

At 1:05 p.m., Mss. Gaona and Zanella-Dyer and Mr. McNamee withdrew from the meeting and Messrs. Norris and Triana entered the meeting.

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

1. Approve minutes of the September 15, 2016 meeting.
2. Approve capital budget authorization for November 2016.

RESOLVED, that the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$2,125,000 for the month of November 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate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 memorandum dated October 13, 2016.
4. Receive Monthly Financial Report for the period ended September 30, 2016.
5. Receive Accounts Receivable Update for the period ended September 30, 2016.

Cermola Aye
Curseaden Aye
DiSalvo Aye
Lieberman Aye
Marsh Aye

Mr. Norris, RWA's Vice President of Asset Management, and Mr. Triana, RWA's Real Estate Manager, requested approval for the disposition of an interest in property located in Lebanon, Connecticut, owned by Birmingham Utilities, Inc. Mr. Norris reported that it was the opinion of counsel that Section 18 of RWA's Enabling Legislation regarding the land disposition process does not apply to a parcel of land owned by an RWA subsidiary corporation when that parcel has no past, present or future relationship to the water supply system of RWA or of a subsidiary corporation. Mr. Norris stated that although there is no requirement to seek the Representative Policy Board's ("RPB") approval, management is requesting approval of the Authority to present the information to the RPB Land Use Committee for informational purposes. On motion made by Mr. Curseaden, seconded by Mr. Cermola, and unanimously carried, it was voted to authorize management to move forward with the transfer of interest in the property located in Lebanon, Connecticut.

Cermola Aye
Curseaden Aye
DiSalvo Aye
Lieberman Aye
Marsh Aye

Messrs. Norris and Triana reported on the Authority's consideration of the acquisition of 14+/- acres of property located in Hamden, Connecticut. They stated the purpose of the acquisition would be for watershed protection and a possible location to for an additional tank. Discussion took place regarding list price and appraised value. After discussion, on motion made by Mr. Curseaden, seconded by Mr. Cermola, and unanimously carried, it was voted to authorize management to proceed with the acquisition.

Cermola Aye
Curseaden Aye
DiSalvo Aye
Lieberman Aye
Marsh Aye

At 1:22 p.m., Messrs. Norris and Triana withdrew from the meeting and Mr. Hawley entered the meeting.

Mr. Hawley, RWA's Strategic Plan and Business Analyst, reviewed the fiscal year 2015 and 2016 RPB Dashboard Report. He reported that during fiscal year 2015 RWA's performance met or exceeded the targets for the following indicators:

- Underlying Credit Rating
- Water Rates
- Average Daily Production (Draft) to Budget
- Accrued Water Revenues to Budget
- Non-Core Revenues to Budget
- O&M Expenditures to Budget
- Capital Expenditures to Budget
- Cash Collections to Budget

- Gross Unaccounted for Water
- Collection of Aged Accounts Receivable

Mr. Hawley reported that during fiscal year 2016, RWA's performance met or exceeded targets for the following indicators:

- Combined Customer Satisfaction & Reputation
- Underlying Credit Rating
- Average Daily Production (Draft) to Budget
- Accrued Water Revenues to Budget
- Non-Core Revenues to Budget
- O&M Expenditures to Budget
- Capital Expenditures to Budget
- Cash Collections to Budget
- Gross Unaccounted for Water
- Collection of Aged Accounts Receivable

Discussion ensued if the peer group used to compare RWA's water rates was appropriate. Management will review and recommend any revisions.

At 1:57 p.m., Mr. Hawley withdrew from the meeting and Mr. Olejarczyk entered the meeting.

Mss. Discepolo and Kowalski presented RWA's Ten-Year Model to the Authority. They reviewed the financial model including revenue and financing assumptions, expense assumptions, capital and financial requirements, maintenance test, leverage and fund balances. Authority members discussed risk tolerance, risk options and potential changes for more efficiency. It was the consensus of the Authority to spend time in the future reviewing the Ten-Year Model for a discussion with the RPB on long-range projections.

At 3:15 p.m., Mr. Olejarczyk withdrew from the meeting.

Ms. Nesteriak, RWA's Senior Advisor to the President and Director of Business Strategy, provided a hiTechFOCUS update. She reported the major activities accomplished included: integration testing to test data flow is 98% complete; the installation of the final collection unit in Seymour; continued training with Customer Service; process review and documentation is completed; and management's attendance at the Southern Connecticut Regional Council of Governments meeting. The three month look ahead included: system integration testing and functional Acceptance Test; finalizing a roll-out plan for meter route releases; delivering the remaining skills training to field and customer service representatives; completing the review of all CCI customer communications; continuing external communications; and field readiness test and full deployment. Ms. Nesteriak highlighted that November will focus on the customer communication process and a pilot program to install meters will begin in January. She noted that key milestones remain unchanged. Ms. Nesteriak reviewed a Capital Spending Analysis spreadsheet to track spending and change orders for the project.

Mr. Bingaman:

- Reported on RWA's outreach efforts with State Representatives and environmental groups regarding changes to RWA's Enabling Legislation. He stated that management continues to work with counsel on the revisions.
- Noted that he met with the State Representative for Branford and Guilford earlier in the month and provided an overview of operations at RWA and discussed changes to RWA's Enabling Legislation. He communicated that the meeting was positive.

- Highlighted meetings with the Connecticut Department of Health and Connecticut Department of Energy and Environmental Protection to review RWA's changes to the Enabling Legislation. He and Ms. Breslin, RPB's Bethany Representative, will meet next week with the Connecticut Fund for the Environment.
- Reported that storage levels are at 55%, as of October 17, 2016, with a long-term average of 67% and a drought alert advisory stage at 40%. He communicated that RWA has requested a voluntary water reduction due to drought conditions. Mr. Bingaman stated that the Lake Whitney Water Treatment Plant is still running 24/7 at 3.5 mg/day to allow Lake Gaillard to build capacity.
- Highlighted a presentation he gave to the North Haven Economic Development Commission regarding the RWA's economic development study.

Chair DiSalvo requested that Authority members submit ideas about long-range topics for RWA before the next meeting. He also noted that he would be distributing committee request forms to Authority members by year-end.

Authority members reported on recent meetings of the Representative Policy Board committee meetings.

At 3:40 p.m., Mss. Discepolo, Kowalski, Nesteriak and Mr. Borowy withdrew from the meeting.

At 3:41 p.m., Mr. Norris entered the meeting and on motion made by Mr. Cermola, seconded by Mr. Curseaden, and unanimously carried, it was voted to go into executive session to discuss negotiations and strategy, and personnel matters. Present in executive session were Authority members, Messrs. Bingaman, Norris and Ms. Slubowski.

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| Cermola | Aye |
| Curseaden | Aye |
| DiSalvo | Aye |
| Lieberman | Aye |
| Marsh | Aye |

At 3:54 p.m., Mr. Norris withdrew from the meeting.

At 4:16 p.m., the Authority reconvened.

Mr. Curseaden moved for adoption of the following resolution:

RESOLVED, that the Authority approves the recommendation of the Chief Executive Officer to promote Linda Discepolo to Executive Vice President and Chief Financial Officer, and Rochelle Kowalski to Vice President of Finance and Controller, effective November 1, 2016.

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

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| Cermola | Aye |
| Curseaden | Aye |
| DiSalvo | Aye |
| Lieberman | Aye |
| Marsh | Aye |

At 4:20 p.m., on motion made by Mr. Marsh, seconded by Mr. Curseaden, and unanimously carried, the meeting adjourned.

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| Cermola | Aye |
| Curseaden | Aye |
| DiSalvo | Aye |
| Lieberman | Aye |
| Marsh | Aye |

Respectfully submitted,

Gail F. Lieberman, Secretary