

South Central Connecticut Regional Water Authority
Minutes of the July 20, 2017 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority took place on Thursday, July 20, 2017, at the office of the Authority, 90 Sargent Drive, New Haven, Connecticut. Chairman DiSalvo presided.

Present: Authority – Ms. Sack, Messrs. Borowy, Cermola, Curseaden, and DiSalvo
Management – Mss. DiGianvittorio, Discepolo, Kowalski, Lima, Nesteriak, Vitagliano, Zanella-Dyer and Messrs. Bingaman, Olejarczyk and Vece
RPB – Ms. Dybas
Raftelis Financial Consultants: D. Fox
Staff – Mrs. Slubowski

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

Mr. Bingaman reviewed the safety moment distributed to members.

At 12:33 p.m., Ms. Kowalski entered the meeting.

Mr. Vece, RWA's Director of Communications & Outreach, and Ms. Zanella-Dyer, RWA's Vice President of Service Delivery, provided a Social Media update. Mr. Vece reviewed key areas of RWA's social media including its corporate and recreation websites, Facebook, LinkedIn, and Twitter. Ms. Zanella-Dyer highlighted that the RWA's current social media presence and engagement rate are showing positive results. Mr. Vece reviewed how RWA protects its branding and product reputation through monitoring and addressing comments promptly. He also noted other uses of social media including employee and vendor recruitment. Discussion took place regarding visibility and employee buy-in, marketing and board participation.

Ms. Vitagliano, RWA's Government and Public Relations Specialist, provided highlights of the Connecticut General Assembly's 2017 legislative session. She reported on RWA's recently passed Enabling Legislation bill, which includes, among other changes, the broadened definition of non-core activities that RWA can pursue. Ms. Vitagliano also noted legislative changes to the Freedom of Information Act, which included an exemption for certain water company records. Further, she also reported on a funding mechanism to be included in the State of Connecticut's budget to generate \$2.5 million in funding to support staffing in the Connecticut Department of Health. She discussed the RWA's testimony on five bills, rejected water industry bills, and other bills of interest.

At 1:23 p.m. Mss. Vitagliano, Zanella-Dyer and Mr. Vece withdrew from the meeting and Ms. DiGianvittorio entered the meeting.

Ms. DiGianvittorio, RWA's Vice President of Employee Services, provided an employee engagement update since January 2017. She reported that RWA held 18 training sessions for team leads and managers, service delivery training, safety and technical training and safety leadership training. Ms. DiGianvittorio highlighted three employee events that took place, three fundraisers held, and the status of employee communications.

At 1:35 p.m., Ms. DiGianvittorio withdrew from the meeting.

The Chair proposed to remove Item 4 from the Consent Agenda, *Accounts Receivable Update for June 2017*, for discussion. On motion made by Mr. Borowy, seconded by Mr. Curseaden, and unanimously carried, the Authority voted to remove Item 4 from the Consent Agenda.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

The Authority discussed the RWA's Accounts Receivable Update as of June 30, 2017.

On motion made by Mr. Curseaden, seconded by Mr. Cermola, and unanimously carried, the Authority voted to approve, adopt, or receive, as appropriate the following items in the amended Consent Agenda:

1. Approve minutes of the June 15, 2017 meeting.
2. Approve capital budget authorization for August 2017.

RESOLVED, That the Vice President of Finance and Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$3,950,000 for the month of August 2017 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 FY 2018 for all Capital Improvement Projects to be exceeded. In the absence of the Vice President of Finance and Controller, the Executive Vice-President and Chief Financial Officer or the Vice-President – Asset Management is authorized, to sign in her place.

3. Receive Monthly Financial Report for June 2017.
4. Receive Report on Code of Ethics Compliance for six-month period ending May 31, 2017.
5. Approve Bid Exemption for Removal & Installation of Filter Media – Lake Whitney Water Treatment Plant.
6. Approve Proposed RPB Resolution regarding interest rate on unpaid water bills.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Ms. Discepolo, RWA's Executive Vice President and Chief Financial Officer, reviewed the proposed revisions to RWA's Rules and Regulations. She reported that the recent drought and relevant changes to the RWA's Enabling Legislation were the key drivers. Mr. Borowy moved for adoption of the following resolutions:

RESOLVED, That the proposed revisions to the Rules and Regulations for Water Service and the Rules, Regulations and Rates Governing the Extension of Water Mains be, and they hereby are approved, substantially in the form submitted to this meeting; and

FURTHER RESOLVED, That the proposed revisions be submitted to the Representative Policy Board for consideration and approval.

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Ms. Nesteriak, RWA's Senior Advisor to the President & Director of Business Strategy, provided a hiTechFOCUS update. She reported on the major activities accomplished, which included: installation updates for Wolcott, Cheshire, North Branford, East Haven, and Branford; a contractor staffing update; the schedule for final letters to customers in Cheshire with an expected close-out by the end of summer; and, the release of remaining accounts in North Branford and East Haven. She reviewed the installation progress and the number of installations completed to date. The three-month look ahead includes continuing external communications and the upcoming communication schedule for North Haven. She noted that the contractors are now displaying sandwich boards at each installation site to help increase awareness regarding the project. Ms. Nesteriak also reviewed the capital spending analysis through June 30, 2017.

Mr. Bingaman:

- Reported that reservoir levels are at 90% of full storage as of July 15, 2017, compared to the long-term average of 84% for July. He noted that the year-to-date rainfall is responsible for bringing reservoir levels back to the long-term average. Mr. Bingaman also stated that Lake Gaillard is back to normal operations.
- Noted that the latest proposal submitted to the Office of Policy and Management for the Connecticut Department of Public Health's water activities license fee is pending. He reported that progress is slow and he will update the board when there is more information.

Authority members reported on recent Representative Policy Board committee meetings.

At 2:10 p.m., on motion made by Mr. Cermola, seconded by Ms. Sack, and unanimously carried, the Authority voted to recess the regular meeting to allow the Authority to meet as the Compensation Committee.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 4:03 p.m., the Authority reconvened.

Mr. Cermola reported on the Compensation Committee's discussion of the Chief Executive Officer's (CEO) FY 2017 goals and global metrics update, CEO's FY 2018 goals and global metrics, and the Committee's recommendation of a salary increase for RWA's CEO and its officers, effective June 1, 2017; a bonus payout for RWA's CEO and its officers; and a FY 2017 Global Metrics bonus payout as a contribution to the 401K for all eligible employees. Mr. Cermola moved for adoption of the following resolutions:

RESOLVED, That the Authority authorizes management to implement a salary increase for RWA's CEO and its officers, effective June 1, 2017; and

RESOLVED, That the Authority approves RWA's FY 2017 bonus payout for RWA's CEO and its officers; and

BE IT FURTHER RESOLVED, That the Authority approves RWA's FY 2017 Global Metric bonus payout as a contribution to the 401K for all eligible employees.

Mr. Borowy seconded the motion, the Chair called for the vote:

Borowy	Aye
Cermola	Aye
Curseaden	Nay
DiSalvo	Aye
Sack	Aye

Mss. Nesteriak and Kowalski reviewed the proposed Issuance Test Rate Application and planned issuance of Water System Revenue Bonds. In addition to an overview of the rate making process, their presentation included an application overview, innovative solutions, recent actions to mitigate the increase, and issuance test details.

Mr. Fox, of Raftelis Financial Consultants, RWA's cost of service consultant, discussed the results of his 2017 cost of service study.

Mr. Curseaden moved for adoption of the following resolutions:

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") which are to be issued under its 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 Thirty-two Million Dollars (\$32,000,000) in aggregate principal amount.
2. The Bonds may be issued as obligations in one or more series pursuant to the General Bond Resolution and 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 General Bond Resolution and hereby.
3. The purposes of the Bonds shall be to finance or refinance the cost of certain capital improvements to the water system of the Authority from approximately January 2018 through June 30, 2019 in accordance with a certain capital improvement plan adopted by the Authority on June 15, 2017, as may be amended from time to time, to provide funds for deposit to the Capital Contingency Fund, Debt Reserve Fund, and Operating Reserve Fund, as necessary pursuant to the General Bond Resolution and as permitted by the Internal Revenue Code of 1986, as amended and to pay costs of issuance.
4. The Bonds may be sold by negotiation as serial or term bonds with stated maturities and may be sold in a private or direct placement to a bank or the State of Connecticut.
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

RESOLVED, That the South Central Connecticut Regional Water Authority (the “Authority”), subject to the approval of the Representative Policy Board (“RPB”) pursuant to Section 14 of Special Act 77-98, as amended, hereby establishes water rates and related charges as set forth in the issuance test rate application submitted for discussion at today’s meeting (the “2017 Issuance Test Rate Application”) and listed in its Section 6, “Notice of Public Hearing and Filing of Rates and Other Charges for Water and Related Services,” which shall become effective upon the delivery of the Authority’s Water System Revenue Bonds, as detailed in the resolutions found in Section 6 of the 2017 Issuance Test Rate Application; and

RESOLVED, That in light of the information contained in the 2017 Issuance Test Rate Application, the Authority hereby finds that the rates and charges adopted in the foregoing resolution will generate funds in amounts, which, together with other funds projected to be available, will suffice for and not be in excess of the amount of funds required as set forth in Section 14 of the Act; and

BE IT FURTHER RESOLVED, That the Authority hereby authorizes the submission of an application, substantially in the form of the 2017 Issuance Test Rate Application submitted to this meeting and filed with its records, to the RPB for its approval.

Mr. Cermola seconded the motion, the Chair called for the vote:

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 4:51 p.m., on motion made by Mr. Curseaden, seconded by Mr. Borowy, and unanimously carried, the Authority voted to go into executive session to discuss personnel matters. Present in executive session were Authority members, Mss. Kowalski, Nesteriak, Slubowski and Mr. Bingaman.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 5:00 p.m., the Authority came out of executive session and on motion made by Ms. Sack, seconded by Mr. Borowy, and unanimously carried, the Authority voted to adjourn the meeting.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Respectfully submitted,

Kevin Curseaden, Secretary