

**South Central Connecticut Regional Water Authority
Minutes of the December 14, 2017 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) took place on Thursday, December 14, 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. Bochan, Discepolo, Kowalski, Nesteriak, and Messrs. Bingaman and Norris
AAC Utility Partners – Mr. Wenke
RPB –Mr. Oslander
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 12:32 p.m., on motion made by Ms. Sack, seconded by Mr. Borowy, and unanimously carried, the Authority voted to recess the regular meeting to meet as the Environmental, Health & Safety Committee.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 1:32 p.m., the Authority reconvened and Mr. Norris entered the meeting. Mr. DiSalvo proposed to remove Item 5, *Tunnel Restoration Bid Exemption*, from the consent agenda for discussion. On motion made by Mr. Curseaden, seconded by Mr. Cermola, and unanimously carried, the Authority voted to remove Item 5 from the consent agenda.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

On motion made by Ms. Sack, seconded by Mr. Borowy, and unanimously carried, the Authority:

1. Approved minutes of the November 16, 2017 meeting.
2. Approved capital budget authorization for January 2018.

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 \$4,670,000 for the month of January 2018 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the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 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. Received Accounts Receivable Update for the period ended November 30, 2017.
4. Received Key Performance Indicators for November 2017.

Borowy Aye
Cermola Aye
Curseaden Aye
DiSalvo Aye
Sack Aye

Mr. Norris, RWA's Vice President of Asset Management, discussed the approval of a bid waiver for the tunnel contractor for an additional \$1 million more than the estimated cost. He stated that the original estimate provided in the application was based on the best information available at the time. The \$1 million increase is associated with extending shift hours in order to meet the six-week contract period. The funds will be allocated from the project's contingency and does not require RPB approval.

Mr. Curseaden noted that because of the urgency of the project, it is necessary to allow the bid exemption.

After discussion, on motion made by Mr. Borowy, seconded by Mr. Cermola, and unanimously carried, the Authority approved the Tunnel Restoration Bid Exemption.

Borowy Aye
Cermola Aye
Curseaden Aye
DiSalvo Aye
Sack Aye

Mr. Norris then provided a Great Hill Tunnel Update, which included:

- Major Activities Accomplished
- Upcoming Work
- Contractors Working Onsite
- Project Notables

At 2:00 p.m., Mr. Norris withdrew from the meeting.

Ms. Kowalski, RWA's Vice President of Finance and Controller, reviewed the quarterly financial report as of November 30, 2017, which included:

- Balance Sheet
- Statements of revenues, expenses and changes in net position
- Operating and maintenance expenses
- Capital budget report
- Investment earnings report

She also reviewed the November 2017 monthly financial report. Ms. Kowalski commented on the most significant variances in operating revenues and expenses and the projected fiscal year 2018 maintenance test. She stated the projected maintenance test for Fiscal Year 2018 is 116% with no projected draw from the Rate Stabilization Fund.

Ms. Kowalski reviewed the proposed resolutions for the Water System Revenue Bond Notes for the Great Hill Tunnel and Pipeline Restoration Project.

Mr. Cermola moved for adoption of the following resolutions:

WHEREAS, the South Central Connecticut Regional Water Authority (the “Authority”) proposes to issue its Water System Revenue Bonds which may be issued as Project Loan Obligations (the “Bonds”) and delivered to the State of Connecticut (the “State”) and its bond anticipation notes in anticipation of the proceeds of the Bonds (the “Notes”) in accordance with Special Act 77-98 of the General Assembly of the State of Connecticut, as amended (the “Act”) and the Water System Revenue Bond Resolution, General Bond Resolution, adopted by the Authority and approved by the Representative Policy Board of the South Central Connecticut Regional Water District (the “RPB”) on July 31, 1980, as amended and supplemented (the “General Bond Resolution”); and

WHEREAS, on November 6, 2017, the Authority adopted and on December 6, 2017, the RPB approved the resolutions which established the general terms and provisions of the Authority’s Bonds in the aggregate principal amount not to exceed \$15,000,000 to finance, among other things, the cost of the construction, reconstruction and rehabilitation of the Great Hill Tunnel and Pipeline (the “Project”); and

WHEREAS, Section 9 of the Act provides that the Authority may delegate to one or more of its members, officers, agents or employees, such powers and duties as it may deem proper; and

WHEREAS, the Authority wishes to provide for the issuance, sale and delivery of the Authority’s Notes.

NOW THEREFORE,

BE IT RESOLVED, that the Authority hereby approves the Resolution authorizing the issuance of the Notes in one or more series substantially in the form attached hereto as Exhibit A, with such changes, omissions, insertions and revisions as the Chairperson or Vice Chairperson and President / Chief Executive Officer or Executive Vice President and Chief Financial Officer or Vice President of Finance and Controller shall deem advisable and which shall be as set forth in a Certificate of Determination for the appropriate series of Notes attached thereto.

BE IT FURTHER RESOLVED, that the Chairperson or Vice Chairperson and the President / Chief Executive Officer or Executive Vice President and Chief Financial Officer or Vice President of Finance and Controller be authorized (i) to issue, sell and deliver the Notes in an amount for each not to exceed \$15,000,000, and (ii) to determine the amount, date, date of maturity, interest rate, form and other details of each series of Notes, pursuant to the Act and the General Bond Resolution or any other provisions of law thereto enabling.

BE IT FURTHER RESOLVED, that the Chairperson, Vice Chairperson, President / Chief Executive Officer and the Executive Vice President and Chief Financial Officer or Vice President of Finance and Controller, or any one of them, are hereby authorized to execute and deliver such documents as may be necessary or desirable to issue, sell, secure and deliver the Notes, including but not limited to, an Official Statement if the Notes are publicly offered, a Contract of Purchase, a Tax Regulatory Agreement and a Continuing Disclosure Agreement and to take such actions or to designate other officials or employees of the Authority to take such actions and execute such documents in connection with the issuance, sale, security and delivery of the Notes as are determined necessary or advisable and in the best interests of the Authority and that the execution of such documents shall be conclusive evidence of such determination.

BE IT FURTHER RESOLVED, that the Chairperson, Vice Chairperson, President / Chief

Executive Officer, the Executive Vice President and Chief Financial Officer and the Vice President of Finance and Controller, or any one of them, are authorized to apply for and accept federal and state grants to finance the project and federal and state loans to finance the Project, and enter into any grant or loan agreement prescribed by a federal agency or by the State, and that the Chairperson, Vice Chairperson, President / Chief Executive Officer, the Executive Vice President and Chief Financial Officer and the Vice President of Finance and Controller, or any one of them, are authorized to take any other actions necessary to obtain such grants or loans or to implement such grant or loan agreements. Any grant proceeds may be used to pay project costs or principal and interest on bonds, notes, or temporary notes or obligations.

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

The Chair stated it would be appropriate to elect Authority officers for the 2018 calendar year. Mr. Cermola moved for adoption of the following resolution:

RESOLVED, that Anthony DiSalvo be elected as Chairperson for a two-year term effective January 1, 2018, and until a successor is elected and has qualified.

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Mr. Borowy moved for adoption of the following resolution:

RESOLVED, that Joseph A. Cermola, Sr. be elected as Vice Chairperson for a one-year term effective January 1, 2018, and until a successor is elected and has qualified.

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye

Mr. Borowy moved for adoption of the following resolution:

RESOLVED, that Kevin J. Curseaden be elected as Secretary-Treasurer for a one-year term effective January 1, 2018, and until a successor is elected and has qualified.

Mr. Cermola 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 and Director of Business Strategy, provided a hiTechFOCUS update. She reported on activities and milestones including:

- A review of the active installations in Cheshire, North Branford, East Haven, Branford and North Haven
- Installations in Cheshire scheduled to end December 15th
- Final letters continuing
- New Haven 30-day letters mailing this week
- A review of the installation progress and number of installations completed to date
- Upcoming communication schedule for New Haven and Hamden
- Approximately 25% of all meters are being read using FlexNet

Ms. Nesteriak provided an update of the RPB Governance Committee meeting that took place earlier in the month. She reviewed counsel's proposed changes to RWA's Enabling Legislation to incorporate a procedure for emergency capital projects, which included:

- The definition of an emergency and who declares an emergency
- Reduce the number of days required to notice a public hearing from 20 days' to no less than seven.

Mr. DiSalvo proposed assigning a designee in his absence. Mr. Curseaden made a motion for the following resolution:

RESOLVED, that, in Mr. DiSalvo's absence, the following designees be appointed, in the order listed below, to determine the criticality of a capital project, together with the RWA's Chief Executive Officer ("CEO") and the RPB Chairman, or their designees:

- Mr. Cermola - Vice Chair
- Mr. Curseaden – Secretary/Treasurer
- Mr. Borowy
- Ms. Sack

Mr. Borowy seconded the motion. After discussion, the Chair called for the vote and the Authority adopted the resolution unanimously.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Mr. DiSalvo discussed strategic topics submitted by Authority members and asked for additional topics by January 1. The topics discussed included:

- Human Resources Policies and Procedures
- Sexual Harassment Policy
- Reducing FY 2019 Capital Budget
- Labor Relations Management
- IT Overview
- Employee Morale
- New Business Development
- Succession Planning and focus in FY 2019

Authority members reported on recent Representative Policy Board committee meetings and made assignments for the first quarter RPB Committee meetings

At 3:30 p.m., on motion made by Mr. Cermola, seconded by Mr. Curseaden, and unanimously carried, the Authority voted to recess the regular meeting to meet as the Compensation Committee.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 4:20 p.m., the Authority reconvened.

Mr. Cermola, Chair of the Compensation Committee, stated that, as a result of the discussion that took place during the Compensation Committee meeting, it would be appropriate to approve salary increases for the CEO and the Senior Executive Team, as recommended by the CEO. Mr. Curseaden moved for approval of the following resolution:

RESOLVED, that effective December 1, 2017, based on comparable compensation data, the Authority approves a compensation increase for the Chief Executive Officer of the South Central Connecticut Regional Water Authority.

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Mr. Borowy moved for approval of the following resolution:

RESOLVED, that effective December 1, 2017, based on comparable compensation data, the Authority approves a compensation increase for the Senior Executive Team of the South Central Connecticut Regional Water Authority.

Mr. Cermola seconded the motion. The Chair called for the vote.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 4:25 p.m., Ms. Bochan and Mr. Wenke entered the meeting and Mr. Borowy withdrew from the meeting.

Ms. Bochan, RWA's Business Transformation Manager, introduced Mr. Wenke, of AAC Utility Partners, RWA's consultant for Customer Information System Assessment (CIS). Ms. Bochan provided a CIS update, which included:

- Background
- Assessment objective
- Project drivers

Mr. Wenke discussed:

- AAC Background
- Methodology
- Timeline
- Project Stats
- Next Steps

At 4:46 p.m., Mr. Borowy entered the meeting.

Authority members requested additional information on capabilities, risks, implementation recommendations, and RWA's vision, for discussion at the February Authority meeting.

At 4:55 p.m., Ms. Bochan and Mr. Wenke withdrew from the meeting, and on motion made by Mr. Curseaden, seconded by Ms. Sack, and unanimously carried, the Authority voted to go into executive session to discuss strategy and negotiations. Present in executive session were: Authority members, Mr. Bingaman, Mss. Discepolo, Kowalski, Nesteriak and Slubowski.

At 5:00 p.m., the Authority came out of executive session and on motion made by Mr. Borowy, seconded by Mr. Cermola, and unanimously carried, the meeting adjourned.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Respectfully submitted,

Kevin Curseaden, Secretary

Attachment:

1. Water System Revenue Bond Anticipation Notes for the Great Hill Tunnel and Pipeline Restoration Project