

**South Central Connecticut Regional Water Authority
Minutes of the April 19, 2018 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) took place on Thursday, April 19, 2018 at the office of the Authority, 90 Sargent Drive, New Haven, Connecticut, Chairman DiSalvo presided:

Present: Authority– Ms. Sack and Messrs. Borowy, Cermola, Curseaden and DiSalvo
Management – Mss. DiGianvittorio, Discepolo, Kowalski, Nesteriak and Messrs. Bingaman, Flynn, Keough, Norris and Peloquin
RPB – Mr. Slocum
Staff – Mrs. Slubowski

The Chair called the meeting to order at 12:30 p.m. He proposed to add an item to the agenda, “*Remote Telemetry Upgrade (RTU) Project Financing*,” as Item J.4. On motion made by Mr. Cermola, seconded by Mr. Curseaden, and unanimously carried, the Authority voted to add the item to the agenda.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Mr. Bingaman stated that members should review the Safety Moment handout.

At 12:32 p.m., on motion made by Mr. Cermola, seconded by Mr. Curseaden, and unanimously carried, the Authority voted to recess the meeting to meet as the Pension & Benefit Committee.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 2:06 p.m., the Authority reconvened.

On motion made by Mr. Curseaden, seconded by Mr. Cermola, and unanimously carried, the board:

1. Approved minutes of the March 15, 2018 and April 3, 2018 meetings.
2. Approved capital budget authorization for May 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 \$5,900,000 for the month of May 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn, pursuant to such requisition, is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated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 are authorized to sign in her place.

3. Received capital budget transfer notifications detailed in Ms. Discepolo's memorandum dated April 12, 2018.
4. Approved resolutions for the Luft Conservation Easement in Madison.

RESOLVED, that Edward O. Norris III, the RWA's Vice President of Asset Management, is hereby Authorized to execute on behalf of the RWA a Grant Agreement and Conservation and Public Recreation Easement and Agreement under the Open Space and Watershed Land Acquisition Program with the State of Connecticut for financial assistance to acquire a permanent interest in land known as Luft Property – OSWA 533 (two parcels of land containing 43.24+/- acres located at 2114 Durham Road in Madison, CT) and to manage said land as open space land pursuant to Section 7-131d of the Connecticut General Statutes; and

FURTHER RESOLVED, that Edward O. Norris III was appointed as Vice President of Asset Management in 2013. Edward O. Norris III serves as the Vice President of Asset Management for the RWA and has both the authority and the office to sign on behalf of the RWA a Grant Agreement and Conservation and Public Recreation Easement and Agreement for financial assistance to purchase permanent interest in land under the Open Space and Watershed Land Acquisition Program.

5. Received monthly financial report for March 2018.
6. Received accounts receivable update for March 2018.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Ms. DiGianvittorio, RWA's Vice President of Employee Services, and Mr. Peloquin, RWA's Employee Relations Manager, reviewed RWA's Human Resources (HR) Gap Analysis based on RWA's Employee Relations Learning and Growth Strategic Plan, which included:

- Best practices
- Gaps
- Initiatives for FY 2019

At 3:14 p.m., Mr. Peloquin withdrew from the meeting.

Mr. DiSalvo referenced an article previously distributed to members, "*Directors' Alert 2018*" for discussion at the Authority's May meeting. Authority members proposed the following topics relevant to the article:

- Organizational culture and leadership
- Best practices for board influence on learning

- Organizational Turnover

At 3:26 p.m., Ms. DiGianvittorio withdrew from the meeting and Mr. Norris entered the meeting.

Ms. Nesteriak, RWA's Senior Advisor to the President and Director of Business Strategy, provided an AMI Project update, which included:

- A review of the active installations
- A review of the project efficiency audit
- A review of the installation progress and number of installations completed to date
- Quarterly review of capital spending analysis

Mr. Norris, RWA's Vice President of Asset Management, provided a Great Hill Tunnel and Pipeline Restoration Project update. He highlighted that the project is close to completion and reported on activities and milestones including:

- Contractors working on-site
- Major activities accomplished
- Upcoming work
- Project budget

Mr. Bingaman

- Reported that House Bill 5507, which reduces the public hearing notice period from 20 days to seven days in emergency situations where capital response costs would exceed \$2 million, as outlined in RWA's Enabling Legislation, passed the Connecticut House of Representatives unanimously with no comments or issues raised.

At 3:45 p.m., Mr. Norris withdrew from the meeting.

Authority members reported on recent Representative Policy Board ("RPB") committee meetings.

At 3:50 p.m., on motion made by Mr. Curseaden, seconded by Mr. Borowy, and unanimously carried, the Authority voted to recess the meeting to meet as the Strategic Planning Committee.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 4:26 p.m., the Authority reconvened.

Ms. Sack stated that the RWA's Pension & Benefit Committee recommended the following resolutions for changes to the contribution levels and mortality table of the South Central Connecticut Regional Water Authority's Salaried Employees' Retirement Plan, Union Retirement Plan, and the Retired Employees' Contributory Welfare Trust based on actuarial assumptions for the valuation as of January 1, 2018. Ms. Sack moved for adoption of the following resolutions:

RESOLVED, that the Authority approves a contribution of \$3,181,999 to the South Central Connecticut Regional Water Authority's Salaried Employees' Retirement Plan, effective for the actuarial valuation of January 1, 2018; and

FURTHER RESOLVED, that the Authority approves the actuarial assumption change for the South Central Connecticut Regional Water Authority's Salaried Employees' Retirement Plan be changed from the RP-2014 White Collar Tables, Healthy Annuitant and Disabled Retiree (M/F) with MP-2016 Generational Projection (Projected from 2006) to the RP-2014 White Collar Tables (M/F) with MP-2017 Generational Projection (Projected from 2006), effective as of the actuarial valuation of January 1, 2018.

RESOLVED, that the Authority approves a contribution of \$954,908 to the South Central Connecticut Regional Water Authority's Union Employees' Retirement Plan, effective for the actuarial valuation of January 1, 2018; and

FURTHER RESOLVED, that the Authority approves the actuarial assumption change for the South Central Connecticut Regional Water Authority's Union Employees' Retirement Plan be changed from the RP-2014 Blue Collar Tables, Healthy Annuitant and Disabled Retiree (M/F) with MP-2016 Generational Projection (Projected from 2006) to the RP-2014 Blue Collar Tables (M/F) with MP-2017 Generational Projection (Projected from 2006), effective as of the actuarial valuation of January 1, 2018.

RESOLVED, that the Authority approves a contribution of \$2,310,104 to the South Central Connecticut Regional Water Authority's Retired Employees' Contributory Welfare Trust, effective for the actuarial valuation of January 1, 2018; and

FURTHER RESOLVED, that the Authority approves that the mortality table for the South Central Connecticut Regional Water Authority's Retired Employees' Contributory Welfare Trust be changed from the RP-2014 Employee and Healthy Annuitant with Scale MP-2016, generational improvements from 2006 (Male/Female) to the RP-2014 Employee and Healthy Annuitant with Scale MP-2017 generational improvements from 2006 (Male/Female), effective as of the actuarial valuation of January 1, 2018.

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Ms. Sack stated that the RWA's Pension & Benefit Committee recommended the following resolution for changes to RWA's asset allocation for its Voluntary Employees' Beneficiary Plan.

Mr. Cermola moved for adoption of the following resolution:

RESOLVED, that effective April 19, 2018, the Authority hereby approves the Pension & Benefit Committee's asset allocation recommendation to provide Morgan Stanley with the flexibility to effectively manage the Voluntary Employees' Beneficiary Plan, in the context of market conditions, funded status timeline, and risk profile of the Authority. The asset allocation authorized is as follows: 1) Equity: 46% to 60%, with a target of 55%, 2) Fixed Income: 20% to 40%, with a target of 27%, and 3) Alternative/Hedge/Balanced: 10% to 22%, with a target of 18% and with liquid alternatives only.

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Ms. Sack stated that the RWA's Pension & Benefit Committee also recommended the following resolution to approve the following change to RWA's investment in Skybridge for its salaried and union Pension Plans. She moved for adoption of the following resolution:

RESOLVED, that effective April 19, 2018, the Authority hereby approves the Pension and Benefit Committee's recommendation to authorize Morgan Stanley to adjust RWA's investment in Skybridge to equal a maximum of 2% for its salaried and union Pension Plans.

Ms. Sack noted that the RWA's Pension & Benefit Committee recommends to the Authority a Second Amendment to the South Central Connecticut Regional Water Authority's Salaried Employees' Retirement Plan. Mr. Cermola moved for adoption of the following resolutions:

RESOLVED, that the South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan be, and it hereby is, amended by a Second Amendment thereto; and be it

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

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 4:26 p.m., Messrs. Flynn and Keough entered the meeting.

Mr. Flynn, RWA's Vice President of Operations, and Mr. Keough, RWA's Instrumentation and Control Team Lead, reviewed the application for the Remote Telemetry Upgrade (RTU) Project. Borowy moved for adoption of the following resolutions:

RESOLVED, That the Authority hereby accepts the Application for a project to complete System Wide Remote Telemetry Unit (RTU) Upgrades, as a completed Application, substantially in the form submitted to this meeting, and authorizes filing said Application with the Representative Policy Board; and

FURTHER RESOLVED, if approved by the Representative Policy Board, the President and CEO, and the Vice President of Operations, are authorized to take any and all actions necessary to complete System Wide Remote Telemetry (RTU) Upgrades.

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Chair DiSalvo noted that the Application contains certain “critical information” that management believes is exempt from disclosure under the Freedom of Information Act. Mr. Borowy moved for adoption of the following resolution:

WHEREAS, the Authority wishes to include certain confidential information in its Application to the Representative Policy Board for Approval of a Project to Complete System Wide Remote Telemetry Unit (RTU) Upgrades that the Authority considers “critical information” and believes to be exempt from disclosure under the Freedom of Information Act.

NOW THEREFORE BE IT RESOLVED, That the Authority authorizes its Chairperson and the Chief Executive Officer to file a motion and related materials with the Representative Policy Board to request issuance of a protective order to maintain confidential the information to be contained in Appendix A, “Confidential Information,” of the Authority’s Application.

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Mss. Discepolo and Kowalski reviewed the financing for the Remote Telemetry Upgrade (RTU) Project. Mr. Borowy moved for adoption of the following resolution:

RESOLVED: That the South Central Connecticut Regional Water Authority (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”) and which may be on a parity with or subordinate to bonds issued pursuant to the 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 Five Million Seven Hundred Thousand Dollars (\$5,700,000) in aggregate principal amount.
2. The Bonds may be issued as obligations in one or more series pursuant to 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 applicable provisions of the General Bond Resolution and hereby.

3. The purposes of the Bonds shall be to finance or refinance the cost of the System-Wide Radio Telemetry Unit Upgrade Project and to pay costs of issuance (the "Project").
4. The Bonds may be sold by negotiation as serial or term bonds with stated maturities and may be sold in a private placement to the State of Connecticut or to a purchaser approved by the Authority.
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.

BE IT FURTHER RESOLVED that:

1. Temporary notes of the Authority may be issued by the Authority in the amount of \$5,700,000 in anticipation of the receipt of the proceeds from the sale of such Bonds.
2. The Chief Executive Officer, the Executive Vice President and Chief Financial Officer, the Vice President and Controller and any Vice President or any one of them may apply to the State Department of Public Health for eligibility and funding of the Project and sign such application and any other documents which may be necessary or desirable to apply for eligibility of the Project and financial assistance from the State's Drinking Water Fund Program and that any such action taken prior hereto is hereby ratified and confirmed.

BE IT FURTHER RESOLVED: That the Authority hereby expresses its official intent pursuant to §1.150-2 of the Federal Income Tax Regulations, Title 26 (the "Regulations"), to reimburse expenditures paid sixty days prior to and any time after the date of passage of this resolution in the maximum amount authorized hereby and for the Project defined herein with the proceeds of bonds, notes, or other obligations authorized to be issued by the Authority. Such bonds, notes or other obligations shall be issued to reimburse such expenditures not later than 18 months after the later of the date of the expenditure or the substantial completion of the Project, or such later date the Regulations may authorize. The Authority hereby certifies that the intention to reimburse as expressed herein is based upon its reasonable expectations as of this date.

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 4:40 p.m., Messrs. Flynn and Keough 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 pending litigation. Present in executive session were Authority members, Mss. Discepolo, Kowalski, Nesteriak, Slubowski and Mr. Bingaman.

Borowy	Aye
Cermola	Aye
Curseaden	Aye

DiSalvo	Aye
Sack	Aye

At 5:00 p.m., the Authority reconvened and on motion made by Mr. Cermola, seconded by Mr. Borowy, and unanimously carried, the meeting adjourned.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Respectfully submitted,

Kevin Curseaden, Secretary

Attachments:

1. Second Amendment to the South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan
2. Resolutions to Second Amendment to South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan