

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

A regular meeting of the South Central Connecticut Regional Water Authority took place on Thursday, July 19, 2018, at the office of the Authority, 90 Sargent Drive, New Haven, Connecticut. Chairman DiSalvo presided.

Present: Authority – Messrs. Borowy, Cermola, Curseaden, and DiSalvo
Management – Mss. Discepolo, Kowalski, Nesteriak, and Mr. Bingaman
RPB – Ms. Dybas
Murtha Cullina LLP – Attorney B. McDermott
Business Growth Advisors – Mr. Viscomi
Staff – Mrs. Slubowski

The Chair called the meeting to order at 12:30 p.m. Mr. DiSalvo noted that management would be providing a short presentation on the Great Hill Tunnel project. He proposed adding the presentation to the agenda before approval of the consent agenda. He also proposed moving Item F, *Updates*, before Item E, *Financial*. On motion made by Mr. Curseaden, seconded by Mr. Borowy, and unanimously carried, the Authority voted to add the video presentation to the agenda and move Item F. The Chair called for the vote:

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Absent

Mr. Bingaman reviewed the safety moment distributed to members.

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Absent

At 1:15 p.m., the Authority reconvened.

Beth Nesteriak, RWA's Senior Advisor to the President & Director of Business Strategy, provided a short video presentation of the Great Hill Tunnel project.

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

1. Minutes of the June 21, 2018 meeting.
2. Capital budget authorization for August 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 \$1,850,000 for the month of August 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shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund.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 FY 2019 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. Monthly Financial Report for June 2018.
4. Accounts Receivable Update for June 2018.
5. Report on Code of Ethics Compliance for six-month period ending May 31, 2018.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Absent

Mr. Bingaman, RWA's President and Chief Executive Officer, provided an employee engagement update, which included:

- Training sessions since January 2018
- Employee events and participation
- RWA's recognition program
- Interoffice communications
- Promotional programs

At 1:42 p.m., Attorney McDermott entered the meeting.

Attorney McDermott of Murtha Cullina LLP (Murtha), RWA's legal counsel, reviewed Murtha's Conflict Waiver letter with Authority members. He stated that the letter has been updated to reflect revisions to the Conflict of Interest letter first issued in 1994. Discussion ensued.

At 2:20 p.m., Attorney McDermott withdrew from the meeting.

Ms. Nesteriak, provided an AMI Update, which included:

- Installation progress and number of installations to date
- A status review of completed installations to date
- Schedule of upcoming installations in New Haven, Hamden and West Haven
- Capital Spending Analysis to date

Mr. Bingaman:

- Reported on the status of the Derby Tank project. He noted that RWA management met with the Mayor Dzieken of Derby and other town officials last week. Mr. Bingaman stated that the Mayor is in favor of moving forward with the project. An application for the project will follow in the upcoming months.
- Communicated that Tata and Howard, the RWA's consultant, held a workshop last week with RWA's field service and customer service departments to reveal findings of the Business Practice Evaluation conducted back in March.

Ms. Kowalski, RWA's Vice President of Finance and Controller, reviewed the resolutions for the DWSRF project loan and grant subsidy for RWA's Automated Metering Infrastructure (AMI) (Phase II). Mr. Borowy 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") 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 July 17, 2014, the Authority adopted and on November 20, 2014, the Representative Policy Board (the "RPB") approved the resolutions which established the general terms and provisions of the Authority's bonds which may be issued as project loan obligations in one or more series delivered to the State of Connecticut (the "State") in the aggregate principal amount not to exceed \$28,425,000 to finance, among other things, the cost of certain capital improvements to the Authority's water system, specifically the purchase and installation of advanced meter reading infrastructure (the "AMI 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, on January 18, 2018 the Authority authorized bond anticipation notes in the amount of \$4,200,000 and grant or loan agreements prescribed by a federal agency or the State; and

WHEREAS, on February 22, 2018, the Authority issued \$7,588,217.94 of Bonds in the form of a project loan obligation (PLO No. 2018-7063) delivered to the State to permanently finance a portion of the Project; and

WHEREAS, on February 23, 2018, the Authority issued its \$4,200,000 Bond Anticipation Note (the "Note") to finance a portion of the Project; and

WHEREAS, the Authority wishes to provide for the issuance, sale and delivery of a project loan obligation (the "PLO") to refund the Note and permanently finance a portion of the Project and approve the Project Loan and Subsidy Agreement by and between the State of Connecticut and the Authority related to a portion of the AMI Project (the "AMI Loan Agreement").

NOW THEREFORE,

BE IT RESOLVED, that the President/Chief Executive Officer, the Executive Vice President and Chief Financial Officer, the Vice President of Finance 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 AMI Project and sign such application and any other documents which may be necessary or desirable to apply for eligibility of and to apply for and obtain financial assistance for the AMI Project from the State's Drinking Water Fund Program and that any such action taken prior hereto is hereby ratified and confirmed; and

BE IT FURTHER RESOLVED, that the Chairperson or Vice Chairperson and President/Chief Executive Officer or Executive Vice President and Chief Financial Officer or Vice President and Controller be authorized (i) to issue, sell and deliver the PLO in an amount not to exceed \$4,200,000, and (ii) to determine the principal amount, date, date of maturity, interest rate, form and other details of the PLO, pursuant to the Act and the Water System

Revenue Bond Resolution, General Bond Resolution as amended and supplemented (the "General Bond Resolution") or any other provisions of law thereto enabling; and

BE IT FURTHER RESOLVED, that the Authority hereby approves the Supplemental Resolution authorizing the issuance of the PLO 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 and Controller shall deem advisable and which shall be as set forth in a Certificate of Determination attached thereto; and

BE IT FURTHER RESOLVED, that for the purposes of providing to the Authority the loan and grant from the State, the Authority hereby approves the AMI Loan Agreement substantially in the form as the President/Chief Executive Officer or Executive Vice President and Chief Financial Officer or Vice President and Controller shall deem advisable and the approval of the Authority shall conclusively be determined from any of their signatures thereon; and

BE IT FURTHER RESOLVED, that the Chairperson, Vice Chairperson, President/Chief Executive Officer, the Executive Vice President and Chief Financial Officer and Vice President and Controller, or any one of them, are hereby authorized to execute and deliver such documents as may be necessary or desirable to issue and deliver the PLO, including but not limited to, the AMI Loan 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 and delivery of the PLO 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; and

BE IT FURTHER RESOLVED, that the Chairperson, Vice Chairperson, President/Chief Executive Officer, Executive Vice President and Chief Financial Officer or Vice President and Controller, or any one of them are hereby authorized to accept such grants from the State for the AMI Project as set forth in the AMI Loan Agreement and to apply the proceeds of the grant to the AMI Project.

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Absent

Ms. Kowalski reviewed the resolutions for the RWA's interim financing for AMI (Phase III). 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 July 17, 2014, the Authority adopted and on November 20, 2014, 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 \$28,425,000 to finance, among other things, the cost of the purchase and installation of advanced meter reading infrastructure (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, on February 22, 2018, the Authority issued \$7,588,217.94 of Bonds in the form of a project loan obligation (PLO No. 2018-7063) delivered to the State to permanently finance a portion of the Project; and

WHEREAS, the Authority plans to issue not to exceed \$4,200,000 of Bonds in the form of a project loan obligation to be delivered to the State to permanently finance a portion of the Project; and

WHEREAS, the Authority wishes to provide for the issuance, sale and delivery of Notes to finance a portion of the Project.

NOW THEREFORE,

BE IT RESOLVED, that the Authority hereby approves the resolution authorizing the issuance of the Notes (the "Note Resolution") 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; and

BE IT FURTHER RESOLVED, that the Chairperson or the Vice Chairperson and the President / Chief Executive Officer or the Executive Vice President and the 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 \$5,000,000, 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; and

BE IT FURTHER RESOLVED, that the Chairperson, the Vice Chairperson, the 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 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; and

BE IT FURTHER RESOLVED, that the Chairperson, the Vice Chairperson, the 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, the Vice Chairperson, the 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, the Chair called for the vote.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Absent

Authority members reported on recent Representative Policy Board committee meetings.

At 2:50 p.m., on motion made by Mr. Borowy, seconded by Mr. Cermola, 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	Absent

At 4:12 p.m., the Authority reconvened.

Mr. Cermola reported on the Compensation Committee's discussion of the Chief Executive Officer's (CEO) FY 2018 goals and global metrics update, CEO's FY 2019 goals and global metrics, and the Committee's recommendations of: 1) salary increases for RWA's CEO and its officers, effective June 1, 2018, 2) bonus payouts for RWA's CEO and its officers, and 3) a FY 2018 Global Metrics bonus payout as a contribution to the 401K for all eligible employees. He moved for adoption of the following resolutions:

RESOLVED, that the Authority authorizes management to implement a salary increase based on the CEO's recommendations for RWA's CEO and its officers, effective June 1, 2018; and

RESOLVED, That the Authority approves RWA's FY 2018 bonus payout based on the CEO's recommendations for RWA's CEO and its officers; and

BE IT FURTHER RESOLVED, that the Authority approves RWA's FY 2018 Global Metric bonus payout as a contribution to the 401K for all eligible employees.

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Absent

At 4:15 p.m., Mr. Viscomi entered the meeting.

Ms. Nesteriak and Mr. Viscomi, of Business Growth Advisors, reviewed the proposed Application for RWA's investment in Trifecta. They provided a presentation, which included:

- Executive summary
- Company background

- Investment description and management
- Opportunity scenarios and considerations

Mr. Borowy moved for adoption of the following resolutions:

RESOLVED, that the Authority hereby accepts management’s Application for the approval of the South Central Connecticut Regional Water Authority’s (RWA) investment in Trifecta Ecosystems, Inc., a Connecticut benefit corporation, as a completed Application, substantially in the form submitted to this meeting, and authorizes the filing of said Application with the Representative Policy Board; and

FURTHER RESOLVED, if approved by the Representative Policy Board, the President and Chief Executive Officer, the Executive Vice President and Chief Financial Officer, the Vice President and Controller, and the Senior Advisor to the President and Director of Business Strategy, or any one of them, are authorized to take any and all actions necessary for the investment in Trifecta Ecosystems, Inc., a Connecticut benefit corporation.

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Absent

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

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Absent

Respectfully submitted,

Kevin Curseaden, Secretary