



NORWICH BOARD OF PUBLIC UTILITIES' COMMISSIONERS
&
SEWER AUTHORITY OF THE CITY OF NORWICH
REGULAR MEETINGS

May 28, 2024

The Regular Meeting of the Norwich Board of Public Utilities' Commissioners and the Sewer Authority of the City of Norwich was held on Tuesday, May 28, 2024, by MS Teams and in the 2nd Floor Board Room of NPU's Administrative Offices at 16 South Golden Street, Norwich.

Item 1. The Meeting was called to order at 6:01 p.m. by Chairman Stewart Peil.

Present: Chairman Stewart Peil, Secretary William Warzecha, Commissioner Robert Staley, and Commissioner Michael Goldblatt. Vice Chairman Ashon Avent joined the meeting remotely at 6:04pm and later joined in person. NPU staff in attendance were General Manager Chris LaRose, Steve Sinko, Jeff Brining, Michele Addabbo, David Poore, Laura Huren, Larry Sullivan, Ruth Swift, Ryan LaRose, Eric McDermott, Chris Riley, Mary Lou Rychling, and Simone Oliva. Also in attendance were Attorneys Mike Andreana and Rick Robinson from Pullman & Comley.

Item 2. Fifteen Minute Public Comment Period. City Councilman Joe Delucia was present but did not speak during this portion of the meeting.

Item 3. Approval of the Minutes of the Regular Board of Public Utilities' Commissioners Meeting and Sewer Authority of the City of Norwich, held on Tuesday, April 23, 2024.

- Motion to approve made by Secretary Warzecha, seconded by Commissioner Staley. Unanimously approved.

Item 4. Information and Updates provided to the Board in advance of the meeting.

- Financial Update. No comments.
- Leadership Team Update. No comments.

Item 5. Information and Updates

- CMECC Update – Chairman Stewart Peil provided an update. Informative.

Item 6. Finance & Audit Subcommittee Update

- Brief comments provided by Secretary Warzecha and Commissioner Staley provided on April meeting that included a review of KPIs, the City's Pension Plan, and NPU's Rate Stabilization Fund.

Item 7. Strategic Discussion/Presentations

- Sewer Rate Change Schedule

Update provided by Laura Huren. Brief discussion followed. Informative.

- Loan from Electric Division to Sewer Division Resolution

Overview of resolution provided by Attorney Mike Andreana, Pullman & Comely. Discussion followed. Informative.

- Water / Sewer Funding Ordinances

Overview of resolution Updated provided by Attorney Mike Andreana. Discussion followed. Informative.

- Project Labor Agreements (PLA) Discussion

Attorney Rick Robinson presented an overview of PLA's. Discussion followed. Informative.

City Councilman Joe DeLucia asked to be recognized to provide his perspective on PLA's. Additional discussion followed. Informative.

Item 8. Actions

- Resolution Authorizing Loan from Electric Division to Sewer Division

Motion made by Secretary Warzecha, seconded by Commissioner Goldblatt. Unanimously approved.

- Resolution Authorizing the Designation of Water Division Cash Reserves to Fund the Cost of the Non-Funded Capital Expenditures

Motion made by Commissioner Staley, seconded by Secretary Warzecha. Unanimously approved.

- Resolution Authorizing the Designation of Sewer Division Cash Reserves to Fund the Cost of Non-Funded Capital Expenditures

Motion made by Commissioner Goldblatt, seconded by Vice Chairman Avent. Unanimously approved.

Item 9. Operations

- Update on Electric Substation Repairs

Presentation provided by Eric McDermott. Discussion followed. Informative.

- Update on Wastewater Plant Upgrade

Presentation provided by Larry Sullivan. Discussion followed. Informative.

- Update on Bozrah / Route 82 Water and Sewer Project

Chris LaRose provided an update on the project with Larry Sullivan. Discussion followed. Informative.

Item 10. Executive Session

To Discuss Confidential Trade Secret & Commercially Valuable Confidential or Proprietary Information Not Subject to Inspection or Public Disclosure Pursuant to Section 1-210[5] and 7-232a of the CT General Statutes. This information is commercially valuable, confidential, and proprietary and is not public disclosure, pursuant to Public Act No. 98-212; and, To Discuss Personnel Matters of an Employee(s) and/or Public Official, pursuant to Chapter 14, Section 1-200 (6) (A) of the CT General Statutes.

Vice Chairman Avent, seconded by Commissioner Staley moved to enter Executive Session at 7:47 p.m. Unanimously approved. General Manager LaRose, Steve Sinko, Jeff Brining, Chris Riley, Simone Oliva, Attorney Mike Andreana and Rick Robinson were asked to stay for the Executive Session.

No votes taken.

Commissioner Goldblatt seconded by Secretary Warzecha moved to adjourn the meeting at 8:50 p.m. Unanimously approved. The Board came out of Executive Session at 8:51 p.m.

The next Regular Meeting of the NPU Board of Commissioners is scheduled to be held on Tuesday, June 25, 2024.

Attest:

William Warzecha
Secretary

Norwich Board of Public Utilities Commission Resolution

RESOLUTION AUTHORIZING THE DESIGNATION OF WATER DIVISION CASH RESERVES TO FUND THE COST OF NON-FUNDED CAPITAL EXPENDITURES

WHEREAS, each year, Norwich Department of Public Utilities' ("NPU") funds a variety of capital expenditures of its Water Division; and

WHEREAS, certain capital expenditures of the Water Division are not funded through the issuance of debt or financing leases (the "Non-Funded Capital Expenditures"); and

WHEREAS, certain capital expenditures are financed through the issuance of interim funding obligations and project loan obligations under the State of Connecticut's Clean Water Fund program; and

WHEREAS, such interim funding obligations and project loan obligations of the Water Division are issued pursuant to a Joint Resolution of NPU and the City of Norwich dated August 7, 2000 (the "Water Joint Resolution"); and

WHEREAS, Section 713 of the Water Joint Resolution requires NPU to satisfy an annual rate covenant test and fix and collect annual Revenues sufficient to pay its annual expenses, including Non-Funded Capital Expenditures, plus 120% of NPU's outstanding debt service relating to its Water Division debt; and

WHEREAS, pursuant to the Water Joint Resolution, any Water Division capital expenditures to be paid from cash reserves are not included in the rate covenant test.

NOW THEREFORE, BE IT RESOLVED, the Norwich Board of Public Utilities Commission (the "Board") hereby authorizes, approves and ratifies:

1. That all Non-Funded Capital Expenditures of the Water Division shall be paid from cash reserves specifically designated and earmarked to pay such capital expenditures.
2. That this resolution be placed in the records of NPU along with the minutes of the meetings of the Board and that the Secretary of the Board is hereby authorized to certify that the foregoing resolution has been adopted at a duly convened meeting of the Board.

APPROVED AT A REGULAR MEETING OF THE BOARD HELD ON MAY 28, 2024.

William Warzecha

WILLIAM WARZECHA
Secretary, Norwich Board of Public Utilities
Commission

Sewer Authority of the City of Norwich

RESOLUTION AUTHORIZING THE DESIGNATION OF SEWER DIVISION CASH RESERVES TO FUND THE COST OF NON-FUNDED CAPITAL EXPENDITURES

WHEREAS, each year, Norwich Department of Public Utilities' ("NPU") funds a variety of capital expenditures of its Sewer Division; and

WHEREAS, certain capital expenditures of the Sewer Division are not funded through the issuance of debt or financing leases (the "Non-Funded Capital Expenditures"); and

WHEREAS, certain capital expenditures are financed through the issuance of interim funding obligations and project loan obligations under the State of Connecticut's Clean Water Fund program; and

WHEREAS, such interim funding obligations and project loan obligations of the Sewer Division are issued pursuant to a Joint Resolution of NPU and the City of Norwich dated November 21, 1994 (the "Sewer Joint Resolution"); and


WHEREAS, Section 713 of the Sewer Joint Resolution requires NPU to satisfy an annual rate covenant test and fix and collect annual Revenues sufficient to pay its annual expenses, including Non-Funded Capital Expenditures, plus 120% of NPU's outstanding debt service relating to its Sewer Division debt; and

WHEREAS, pursuant to the Sewer Joint Resolution, any Sewer Division capital expenditures to be paid from cash reserves are not included in the rate covenant test.

NOW THEREFORE, BE IT RESOLVED, the Sewer Authority of the City of Norwich (the "Authority") hereby authorizes, approves and ratifies:

1. That all Non-Funded Capital Expenditures of the Sewer Division shall be paid from cash reserves specifically designated and earmarked to pay such capital expenditures.
2. That this resolution be placed in the records of NPU along with the minutes of the meetings of the Authority and that the Secretary of the Authority is hereby authorized to certify that the foregoing resolution has been adopted at a duly convened meeting of the Authority.

APPROVED AT A REGULAR MEETING OF THE AUTHORITY HELD ON MAY 28, 2024.


WILLIAM WARZECHA
Secretary, Sewer Authority of the City of Norwich

Norwich Board of Public Utilities Commission Resolution

RESOLUTION AUTHORIZING THE EXECUTION AND ISSUANCE OF A PROMISSORY NOTE BY THE SEWER DIVISION TO THE ELECTRIC DIVISION AND ANY RELATED DOCUMENTS IN ORDER TO FUND IMPROVEMENTS AND EXPANSION OF THE WASTEWATER TREATMENT FACILITY IN THE CITY OF NORWICH

WHEREAS, the City of Norwich, Connecticut (the “City”) has determined that it is in the public interest to undertake a program for upgrades to the Norwich Department of Public Utilities’ (“NPU”) wastewater treatment facility (the “Facility”), including, but not limited to, septage receiving and pumping, influent pipeline improvements, preliminary treatment, influent pumping, primary treatment, aeration and biological nutrient removal, secondary treatment, ultraviolet light disinfection, effluent pumping, odor control, sludge handling, storage and pumping, facility wide electrical and instrumentation/SCADA improvements, replacement of the existing administration and laboratory facilities and the closure of the adjacent Hollyhock Island waste disposal area, and such additional improvements as shall be determined by the Sewer Authority of the City of Norwich (hereinafter the “Project”); and

WHEREAS, NPU is comprised of the Electric Division, the Gas Division, the Water Division, and the Sewer Division, which operate independently of each other; and

WHEREAS, on October 24, 2023, the Norwich Board of Public Utilities Commission (the “Board”) approved a resolution (the “Initial Approval”) authorizing the execution and issuance of a promissory note by the Sewer Division to the Electric Division to assist with funding costs of the Project in anticipation of the City and NPU entering into a Project Loan and Project Grant Agreement CWF 743-C with the State of Connecticut (the “State”) in order to finance the Project through a grant and a loan to NPU (the “Project Agreement”) pursuant to the Clean Water Fund Act;

WHEREAS, as a result of the Initial Approval, NPU executed a Promissory Note evidencing a short-term non-revolving line of credit from the Electric Division to the Sewer Division in the maximum amount of \$15,500,000.00 with a maturity date of June 30, 2024 (the “2023 Line of Credit”);

WHEREAS, there is currently \$7,679,175.07 outstanding on the 2023 Line of Credit which will be repaid to the Electric Division on or prior to June 30, 2024, the maturity date of the 2023 Line of Credit (the “Maturity Date”); and

WHEREAS, on January 31, 2024, the City and NPU entered into the Project Agreement with the State, and on February 9, 2024, the City and NPU entered into an interim funding obligation with the State in the amount of \$118,345,234.13 (the “IFO Loan”) and was awarded \$67,646,328.97 in grant funding (the “Grant”) in connection with the Project Agreement; and

WHEREAS, NPU submits invoices to the State for reimbursement in connection with the IFO Loan and Grant on an ongoing basis and reimbursement by the State can take up to several weeks; and

WHEREAS, given the dollar amount of invoices, the timing of reimbursement from the State and the resulting potential for cash flow issues, the Sewer Division will continue to be required to front certain Project costs beyond the Maturity Date, and as such, it is anticipated that the Sewer Division will continue to require the financial assistance of the Electric Division; and

WHEREAS, the Electric Division desires to assist the Sewer Division in the Project and proposes to provide another non-revolving short-term line of credit to the Sewer Division in the maximum amount of \$15,500,000.00, with such line of credit evidenced by a Line of Credit Promissory Note (the "Note") in substantially the form attached hereto as Exhibit A.

NOW THEREFORE, BE IT RESOLVED, the Norwich Board of Public Utilities Commission (the "Board") hereby authorizes, approves and ratifies:

1. That the General Manager, including any Acting General Manager, of NPU is authorized to execute and enter into, on behalf of both the Sewer Division and the Electric Division, the Note and any other agreements, documents, certificates or writings that the General Manager, in his discretion, believes are necessary and appropriate to carry out the intent of the Note and this resolution.

2. That the maximum loan amount under the Note shall not exceed \$15,500,000.00. That the interest rate on the Note shall be equal to the variable rate earned in the M&T Bank, City of Norwich Dept. of Public Utilities account #XXXXXXXXXX9122.

3. That the repayment of principal on the Note is anticipated to be paid out of Grant and IFO Loan monies from the Project Agreement and the repayment of interest on the Note is anticipated to be paid from Sewer Division revenues.

4. That the Note shall become effective on July 1, 2024 and shall mature, if not sooner paid, on June 30, 2025.

5. That this resolution be placed in the records of NPU along with the minutes of the meetings of the Board and that the Secretary of the Board is hereby authorized to certify that the foregoing resolution has been adopted at a duly convened meeting of the Board.

APPROVED AT A REGULAR MEETING OF THE BOARD HELD ON MAY 28,
2024.

William Warzecha

WILLIAM WARZECHA
Secretary, Norwich Board of Public Utilities
Commission