

REPRESENTATIVE POLICY BOARD

DECEMBER 21, 2023

MEETING TRANSCRIPTION

Bob:

Welcome to the December RPB meeting of the Regional Water Authority. First is the safety moment, and you may have seen it already during the meetings, it has to deal with back pain, stiffness, shoulder pain while your sitting. So do the right things. I don't know if there's any public comment. Anyone who has any comments, they'll be granted three minutes. I'm going to move on to the approval of our minutes from last month.

Mark:

So moved.

Joe:

Second.

Bob:

Any discussion? Hearing none. All those in favor of accepting the minutes from the November meeting?

RPB members:

Aye.

Bob:

Any opposed? Any abstentions?

Rich:

This is Rich Smith. I'll abstain.

Bob:

Abstain. Thank you Rich.

Move on to communications. We're going to have some budget meetings coming up next year and one of them will be the Finance is going to be on Monday, April 8th. The other one is a joint meeting of the Consumer Affairs and the Land Use on Monday, April 15th. Moving on to the next item, which is the proposed resolutions to amend the RWAs enabling legislation. Mark Levine?

Mark:

Okay. Now you know, a committee was formed to review the enabling legislation that was proposed by the Five Member Authority. We met twice as a committee and Kevin, who is today as FMA, and I went to all committee meetings to hear their input to this legislation change. After listening to everybody, we had a meeting last night and this is what we came up with unanimously to propose to the legislatures this year to open our enabling legislation to make these changes. If you want, I can go through them or I

can give you just the major ones that... What do you think? The major ones or go through them? Are you shaking your head?

David:

I'd go for major.

Mark:

Okay.

David:

Regardless of the periods and the aspect and effect.

Mark:

Just the first one has the longest paragraph. Just want to say that was just if the Authority wanted to buy a business that was located outside of Connecticut, this would enable them to do that. They believe if they also have this already, but this just clears up their meaning that they're able to do it. So let's go down to section five. Section five is increasing the authority board to seven members providing exclusions to appointment C below not proposed for enabling graduations. So in other words, there's no exclusions as long as the person is a resident of the state of Connecticut. No less than five members shall be in the residence of the district. Two of them can be outside the district, could be outside the district, will be applicable for the January 2025.

The sixth member will be for the initial three-year term and the seventh member for initial five-year term. No change to the full five-year terms. See attached. Okay. Just to go a little further also, we also considered term limits and the term limits would be four terms of five years, which is like if you ask me, that's a lifetime, but that'd be over 20 years on the court. So anyways, does anybody have any questions on this? Every member, just to go over, every member has to be from the state of Connecticut, a resident of the state of Connecticut. So that's what that is. Kevin, chime in anytime you want. You there?

Kevin:

I'm here, Mark. Thank you. This is Kevin Curseaden. No, I think that that was a good summary of that section and it was a good collaborative effort from speaking with all the different committees with you and hearing all the different comments. And I think we've incorporated all of those or most of those comments that we could incorporate in this revised sections.

Mark:

And I want to personally thank Jamie because nobody thought of the fact that we put in that you have to be a resident of the state of Connecticut. So you have to be a resident state of Connecticut, five members must be a resident of the district. The other may be residents outside the district, not necessarily. That's up to the nominating committee. The other one right after that is the authority allowed to have quarterly meetings, which we are allowed to have it, but they're not allowed to have it. So this just says they can have quarterly meetings. There's no belief that they'll change from monthly meetings. So I don't think it will, it just gives them the right to have a quarterly meeting if they need one. Okay. So I'm going to go right to, you all can read six if you want to.

Larry:

Number six is the most important [inaudible 00:06:02]

Mark:

Oh, yeah. Well, I mean we're all here because of number six, setting the interest rate. The new system we have now cannot do the interest rate the way it has to be done. So in order to do that, we have to have a change in our legislation saying that it has to be interest can be added on after 28 days or the 30th day. I forget which one it is.

Larry:

It's the 29th day.

Mark:

29th. We're at 30th now, right?

Larry:

We're on the 30th now.

Mark:

Yeah. So it has to be the 28th day. So that has to be in, otherwise we are going to have a serious billing problem. Okay. Now section 19 or number eight where capital projects are going to go from two million to 3.5 million for approval, and to threshold to buy a business that's going to go from one million to 1.5 million. That means over 1.5 million and over 3.5 million, they have to come to RPB for approval. Doesn't mean they cannot buy a business that's 10 million, 20 million, whatever. Just means they have to come to us for approval over those numbers. We hashed this out for a long time and also, this also has the RPB can raise this to the CPI every three years with our approval, with the RPB's approvals.

I think is very good that we still... I was very concerned that the RPB remained have its control that was done with the founding forefathers, giving the RPB checks and balances. Authority has one, you have the CEO, you have the authority, and you have the RPB, and this remains with the RPB having the control that they need as far as I'm concerned. Which one do you want me to go next? I'm going to go to skip to 19 if nobody minds. Okay. 19 took a while to hash it out. In my opinion, I'm giving you my opinion on this, the RPB when it was formed in labor legislation gave different amounts of votes to pass certain legislation. So the majority of votes present two thirds of the weighted folks needed present. This is for approving authority board members.

As you can read through one, five, 18, and 1914. We did not change that. There wasn't one, it was thought that we wanted to go to majority vote on all of these. I felt, the committee felt I should say, that going to a majority vote on all of these things took away what the enabling legislation set forth. The only change we made is that a vacancy. In other words, if there's 101 members votes and a member is and a town is vacant, not absent, vacant, then we would go down and say it was 10 votes and go down to 91 votes. So it would be two thirds of 91 votes or a majority of 91 votes. Did I explain that right here? Okay. So that's the big change there. And I personally liked it that we didn't get rid of the weighted votes, whether it's three fourths of the total weighted votes, capital majority. They're all different and they were put down into the enabling legislation when the water company was made into this entity that it is now.

And then 20s one is just a change of requirement to publishing concise financial statement in a newspaper, allow it to be posted on the authority's website, which just means that we don't have to put it in the newspaper anymore. It'll be published on our website and that we don't have to do a report to PURA anymore because it's not required. So that just comes out of here. Does anybody have any questions on any of the other sections or any of the other numbers here?

Brian:

Mark. I'm sorry, a simple one. So you mentioned that for section five for the increase to seven members, the January 1st deadline effective. Is all the other sections effective upon passage or are you looking at January 1st dates? Because I would recommend-

Mark:

They worked out. There was some thought of what the terms would be, how it would work.

Brian:

No, no. I'm sorry, not about the rolling terms for that, I'm not questioning that. The other section changes outside of that one. That one you indicated that there would be a January, I'm assuming January 1st, 2025 effective date. For all of the other changes to legislation, you're going to do it effective upon passage, right?

Mark:

Thank you. That's a good point.

Larry:

It would be upon passage so that's the mistake there as well.

Brian:

Okay.

Mark:

Driving this morning, that was the question I asked myself, when is this going to become effective?

Larry:

It'll be upon passage [inaudible 00:11:16].

Mark:

Thank you.

Larry:

It gives time. That one is, there's no big hurry to go to seven members immediately on passage. It gives the RPB plenty of time to get a [inaudible 00:11:28].

Brian:

Get everybody together.

Larry:

But you'll be looking at three people that year initially because a returning person potentially and then two new people, one for a three-year term and one for a five-year term.

Brian:

Yeah. I think that one makes sense. But looking because of your CPI or the database program and the dollar figures change, the dollar figures and all these other things you'll want it upon passage so that purchase. Yeah.

Mark:

Thank you. I thought it out this morning. When is it going to start? I forgot. I went to go and I got busy to ask Jennifer find out that one. So it's going to start at passage. Does anybody have any questions? If this also passed unanimously with the committee and the committee consisted of Mr. Slocum, Mr. Havrda.

Bob:

Tony Rescigno.

Mark:

Tony Rescigno and then...

Bob:

Vin Marino.

Mark:

Vin Marino.

Kevin:

And myself.

Mark:

And Kevin Curseaden was also on the committee as the Authority's representative. Who were voting?

Mario:

I wasn't voting. I was there. I did [inaudible 00:12:37].

Mark:

No, you weren't on the committee.

Mario:

No. [inaudible 00:12:41].

Kevin:

Very interested party.

Mark:

Were you supposed to be on the committee and just do so often the other meetings and you came to the last one?

Mario:

I was at almost all of them.

Speaker X:

[inaudible 00:12:54].

Mark:

Well, we asked Jennifer who was on the committee. I didn't mean to sweat you. We thought he was a new boy, we'll let you [inaudible 00:12:57]. Wonderful.

Stephen:

Hey Mark. Mark, this is Steve.

Mark:

Yes Steve.

Stephen:

Yeah. I just want to comment. I attended the committee meeting last night. I think the committee did a really great job with a very complex set of topics. So it was a lot to process.

Mario:

In a short time.

Stephen:

Yes.

Mark:

And so the reason the short time was the legislation session starts in January, and so this week we have to find the lobbyist and get all this going in December, or sorry the 1st of January would imagine. Yeah.

Mark:

Well, they meet February, right?

Mark:

Correct. Yes. All right. I think there's a resolution here. Should I read it?

Tim:

Yeah, that's usually how you start these things.

Mark:

Oh, is it?

Mario:

Thank you, Tim.

Mark:

Sorry about that guys. He said read the resolution. All right. It's fine. Whereas on November 20th, 2023 joint committee on the enabling legislation joint committee met at a special meeting to review and discuss proposed changes to the enabling legislation of South Central Connecticut Regional Water Authority, RWA, which included technical corrections, spelling, critical amendments of various other updates would work together as the proposed changes. And this topic would be on the December meeting agenda for each RPB committee.

And whereas members of the RPB, members of the Authority and management worked together to discuss and refine proposed amendments. And whereas on December 20th '23, the joint committee met a special meeting to review comments and input from the December RPB committee meetings. And after a thorough review of the updated proposed changes, the joint committee voted to recommend the change to the RPB at it's December 21st, 2023 regular meeting. And whereas the RPB has reviewed the proposed changes to the enable the legislation. Now therefore be it resolved that the RPB consensus regarding proposed amendments of the South Central Connecticut Regional Water Authority enabling legislation attached hereto as Exhibit A is that they are reasonable and supported, and the RPB is in favor of the proposed change for submission by the RWA to the legislature of the 2024 session.

Tim:

Second.

Mark:

Sorry, I didn't read that first.

Tim:

That's fine.

Mark:

Before we [inaudible 00:15:59]

Bob:

Is there any discussion?

Mark:

Well, any discussions or no? Okay.

Bob:

We just want to be sure there's any discussion? If not, we'll call for the vote. All those in favor of the proposed resolution.

Mark:

Should this be a weighted vote or just a majority?

Bob:

All those in favor please say aye.

RPB members:

Aye.

Bob:

Any opposed? Any abstentions?

Mark:

Before you go any further, I would just like to compliment the committee, compliment management, compliment everybody who was involved in it, and the Authority, that we worked hard and we had to do it a very quick time. It was at the beginning when they even first proposed, there was a lot of dissension on it and I think we worked it out so it became a unanimous decision and I'm very happy the way it worked out. Thank you.

Brian:

Good job, Mark.

Mario:

Thanks Mark.

Bob:

David?

David:

Mr. Chairman, also members I too would like to say thank you very much. In my 20 plus years with this organization on both bodies, this has been probably the most complicated yet fastest project that has been accomplished. The first meeting was November 30. And it is complicated but yet it all makes sense, and so that's why you good people took all the time to look through your committee meetings and whatnot and approve it. I think this helps the organization a lot. We can't do this very often. Last time was eight years ago, next time probably be another eight years. So it's good to get all these things in there. Many of them were typos but some were significant, and the organization I think will be stronger

with the additional people you have the ability to put on the Authority. And that helps us as we get more complicated and growing, and it also helps you folks in a lot of your management and control. So thank you very much.

Bob:

Okay. Now we're on to reports, Finance Committee.

Vin:

Yes, Mr. Chairman. Yes. In my absence, and I want to thank Mr. Slocum for pitch hitting again for me. The Finance Committee met on December 11th and had a discussion regarding the proposed amendment to the enabling legislation. And after consideration, the committee was satisfied with the presentation and proposed the change would be brought forward to the RPB as we just did. The committee then reviewed the fiscal year 2025 budget schedule and adopted that schedule as we had addressed already tonight. Then Rochelle provided a review of the quarterly report on the RPB approved projects, which are listed in the minutes that you all received. And the next Finance Committee meeting is scheduled for Monday, January 8th at 5PM and that will be a hybrid meeting. We're going to start transitioning back to partial in-person. I will see whoever shows up at the RWA headquarters on Monday, January 8th. And I wish everyone a merry Christmas and a happy holiday season. Thank you, Mr. Chair.

Bob:

Any questions? Hearing none. We'll move on to Land Use. Peter?

Peter:

Good evening everyone. We met on December 13th at 90 Sargent. The committee approved the minutes. And of course our big discussion was also the enabling legislation updates. We pretty much, we had a good meeting there. Jamie come up with some good ideas, and obviously it all come to a conclusion today in a quick period of time. Again, we confirmed our special joint committee meeting for the budget review. It's going to be April 15th, 2024 5:30 with Consumer Affairs. That's you, Mark.

Mark:

No way.

Peter:

Just kidding. And then of course, John Triana gave his great report on the invasive species. I would appreciate everyone read the minutes, it brings you up to speed.

Mark:

You gave your [inaudible 00:20:23] Five Member Authority [inaudible 00:20:25].

Peter:

No.

Mark:

About the house, the abandoned house in Woodbridge. I think it's our objective [inaudible 00:20:32].

Catherine:

Right. I believe that you asked that question.

Mark:

That's right. No, you brought it up though here at the meeting because you went to our meeting.

Catherine:

Yes, I did.

Peter:

Who said it?

Mark:

On Johnson Road.

Peter:

Johnson Road.

Mark:

Anybody gets a chance to look at it. I'm sure if the boss went buy it, he'd be very upset.

Peter:

Oh, okay.

Mark:

And his house is not our house, I mean we don't own it, but it's [inaudible 00:21:03]. Okay, just-

Peter:

Well, anyways, you beat me to the punch of other new items that we're [inaudible 00:21:08] Thank you for that, Mark.

Mark:

No problem.

Peter:

And then Authority meeting assignments. Greg isn't here today, making the switch for Greg while away.

Peter:

Our next regular meeting is January 10th. I can't believe it that we're in 2024, and then we adjourned. Any questions? Merry Christmas everyone.

Bob:

Thank you. Consumer affairs.

Mark:

We had two meetings. Our November 20th meeting, we went to an executive session to hear about the 10-year model with the management. So I'm sure that either you've heard, people have heard the 10-year model, so that's mainly through it did. And then it was we reported our pending consumer complaints, they said pending the RPB section. That meeting he mentioned special meeting with the committee. Our consumer council wants to have a meeting about the special projects that the authority is involved in. And that's going to be at our executive committee meeting in January, I believe. Now our meeting yesterday, Monday, we went over the enabling legislation and that was the main meeting. And the OCA said that there was no real problems out there. There was one problem they were handling it in November I believe.

And so that's about it. Happy Hanukkah, It'll be Merry Christmas.

Bob:

I don't know if you want to share anything else about the enabling legislation committee, Mark. Probably not. No, I'm not going to let you.

Mark:

Thanks. Nothing further to report.

Bob:

We'll move on to the Authority and management. David.

David:

Thank you. Good evening everybody. And we had a meeting this afternoon, our monthly meeting. Was long, we did quite a bit, but we started with an Audit Risk Committee so I'll ask Catherine if she could make a report.

Catherine:

Sure. The Audit Risk Committee met at the exception of the approval of the minutes. Our meeting was entirely in executive session to discuss two documents, or actually four documents, that were all exempt from disclosure under FOIA. So in executive session. Just to give you an idea, the first part of the meeting we talked with is CohnReznick, which is an advisory firm that we engaged to conduct a fraud control assessment. And we reviewed that assessment with the committee. It was conducted to identify fraud risk exposure for the regional water authority operations and the scope of the assessment was company-wide. Can't really talk about the details of that, but I will say that there was a very robust discussion about the importance of the assessment and the recommendations, and that's pretty much all I can say about it.

The second part of the executive session dealt with our cyber technology and resiliency. There was a memorandum that was prepared by Prem and it discussed an issue that actually came up in the National Association of Corporate Directors November issue highlighting cybersecurity governance awareness,

and things that boards of directors should be thinking about and asking about with respect to cybersecurity. Again, the committee had a very robust and long discussion about these issues, asked a lot of questions, made a lot of interesting suggestions. And I would say in just my view as the chair of the committee, that with respect to both conversations, I thought these are very important things that the board should be considering. And I think that been an excellent discussion and very pleased with what company management has been doing to protect the RWF and the Water Authority.

Bob:

Any questions?

Catherine:

Any questions?

Mark:

No. The fraud part, is that fraud for the company people being brought to us? Because we're not going into it. Brought to us or we being brought to them?

Catherine:

I don't believe that we are looking for the RWA to commit fraud. I'm just teasing. These are just measures that internal controls that the RWA should have you order to protect itself against fraud.

Mark:

And on the cyber side, you hear about these hospitals getting raid and all this. If we got attacked, do we have a redundancy? We must have a redundancy. Is there any protection for that kind of attack?

Catherine:

Yes.

Mark:

We do have protection then for that kind of attack? We would not be like Waterbury Hospital. We would not be like the hospitals that got attacked.

David:

Hopefully not.

Catherine:

I'm nodding with confidence back there.

Mario:

That's the expectation.

Mark:

I always worry about that. Okay.

David:

We do too. And we get [inaudible 00:27:16] every time we have one of these meetings.

Mark:

Okay, cool.

Catherine:

And I will say it's not if, it's when. And what would we do? What is our incident's response?

Mark:

Oh, cool. Sounds great. Right.

Catherine:

Any other questions?

Bob:

Thank you. We also met as a Commercial Business Committee and Kevin will have a report on that.

Kevin:

Yes, thank you Mr. Chair and thank you RPB members. We welcomed Adrian Cosma as the RWA's Business Development Director, our new Business Development Director. He joined us in the meeting today. We reviewed our commercial business structure, branding alignment of acquired companies, how the RWA can work its brand into the brands or as part of aligned with the brands that we've acquired. And as the RWA is not necessarily a well-known entity right now outside of the district, but that's one of the things that we're working on. We talked about a back office consolidation plan and merger and acquisition risk and opportunity criteria. And the back office consolidation plan was in response to I think a inquiry or a suggestion or a request by the OCA. We're looking forward to having a meeting in January to discuss some of the other things we discussed today, which is the RWA Commercial Enterprise strategy.

I really appreciate all of the effort and work on the enabling legislation because that ties in, a lot of that ties into the commercial business committee and the RWA commercial business strategy. So I do agree it'll strengthen the RWA going forward. We looked at the FY24 second quarter results on commercial business exceeding budget. And we also discussed commercial business actions with respect to pipe safe and well safe protection plans, our progress in back office consolidation, and different potential acquisitions and partnerships that we're looking into. That was discussed in executive session and that was it. And thank you very much again.

Bob:

Thank you Kevin. Any questions? All right. And two other items I want to cover before I give it to Larry for the business report. We also voted to amend the general bond resolution regarding depreciation to allow us to book more depreciation in the budget, should funds become available to do that someday. Right now we were limited, well it's hard to be limited. It was a lot, \$24 million, but someday we will be in a position where we can continue to put more money so that we are setting ourselves up for that as

future planning. And the other item is, I'm very pleased to say that Catherine LaMarr agreed to continue to serve as secretary treasurer, and Kevin agreed to serve as vice chairman for another year, their second terms. And then I was humbly elected chair again for my second term as chair.

Mark:

And who gave your approval?

David:

It was a six to one, six to zero vote. Mark voted [inaudible 00:30:40]

Mark:

I guess that [inaudible 00:30:44].

David:

We're getting that. I'm going to have to get used to six or seven votes.

Mario:

[inaudible 00:30:47]. What does Mark Levine think about this?

That could nullify the whole thing.

David:

We didn't take it that way.

Mario:

Maybe you need to look into it.

Mark:

My first comment we won't talk about.

David:

And with that I'll give it over to Larry for the business report.

Larry:

Very good, thank you. Through six months of actual result through November the 30th, our operating revenues are \$2.2 million under budget. Total revenues are under budget by about \$2.7 million, primarily due to lower metered water consumption. However, other revenues are above budget by \$441,000, primarily due to backflow device testing, jobbing and meter reading and related collection charges. Operating and maintenance expenses are \$2.7 million under budget and we're still being very conservative about that and so we're only attributing about 553,000 of that to be permanent. The other \$2.2 million, we're thinking that that might be timing a good point. So when you do all the puts and takes, we're projecting coverage of 116% with no shortfall compared to a budgeted and required coverage of 114%.

So we have experienced lower production levels than last year, particularly through the summer of July through September. Therefore, we're projecting that water revenues will probably be under budget due to the cool wet summer. But the good news is, while the interest rate environment makes it more expensive to borrow, it also is providing a greater amount of interest income, which is helping offset some of that decline in water revenues. And also due to the favorable impact, our DWSRF financing, we are expected to close earlier in the year and therefore we've been able to defer some of that interest expense that we've been paying. And we are taking actions to reduce expenses to the extent we can to offset that cool wet summer. And we're still a little uneasy about the economy given what's going on. Now the real news. As of December 18, water storage was that 91% compared to a long-term average of 69% for a clean period.

Mark:

How are the dams or whatever? With all this rain, I mean I go by some of the dams and they're four feet above me but they're still...

Larry:

We monitor that on a regular basis, particularly when we have a storm come in, we'll go out and check them and we'll lower the level of the dam to make sure that there's-

Mark:

We don't have any major leakage in the dams? Everybody's clean?

Larry:

Dams leak.

Mark:

But no major.

Larry:

No major leakage. And it's monitored on a regular basis. John Triana used to do that and in former position, we now have other individuals that do that.

Larry:

About 8.7 inches higher than the long term average. So you're doing well. So we're waiting for a hot spring and summer.

Larry:

I wanted to introduce our new Business Development Director, Adrian Cosma. Welcome. You've been on your job now what, two weeks?

Adrian:

Yeah. Three weeks.

Larry:

So we're excited to have him on board and get him involved in the commercial business development. Of course, he was part of the discussion today in the Authority meetings. So in addition to what he's doing on a job, he was able to participate in that discussion today.

Adrian:

Yeah, absolutely. I'm excited to be here. Water is a passion of mine. I believe in it, I've been involved in the past and it's a resource we must protect. So although we want to flush all the time, we still need to conserve water. So really excited to be here and look into fruitful 2024 and onward.

Larry:

Thank you. Welcome to the team. That's all we have.

Bob:

That's all you have?

The OCA. Jeff?

Jeff:

I do have a few things. First of all those of you that haven't finished your holiday shopping, a recreation passed, pipe safe plus. Great stocking stuffer. Those of you that are in towns, they make great bonuses, year-end bonuses for employees. Secondly, water goes with everything. And I read a book years ago about Charles Dickens and what was really going on with Ebenezer Scrooge and there were three theories about the hallucinations he had. One was hypothermia, the second was malnutrition, and the third was dehydration. And if you watch one of the 17 versions of a Christmas Carol on TV this holiday season, in none of them will you see Scrooge drink anything. So tell everyone when you're celebrating and you're indulging, drink lots of water because you don't want to end up like Scrooge.

Bob:

Very good.

Brian:

It's a very good message.

Bob:

Okay. Our next meeting is going to be on January 25th, 2024.

I'd like to thank you all for what happened here tonight and it was very good. It was a process, but we worked through it. I would like to wish you all Merry Christmas and a happy New Year.

Mark:

Thank you Bob.

Bob:

Yes. Without anything else-

Mark:

I make a motion that we adjourn.

Bob:

Okay. Thank you Mark. Anyone else want to second that?

Peter:

I'll second.

Bob:

Peter.

Bob:

Any discussion regarding adjournment? All those in favor, please say aye.

RPB members:

Aye.

Bob:

Any opposed? Thank you.