

South Central Connecticut Regional Water Authority
June 17, 2021
Meeting Transcription

David:

All right, well then I will call the Authority's June meeting to order. First order of business, for some reason I can't open the Boardpaq, but I have the agenda sent to me separately. So I'm going to have to go by that.

Jennifer:

I'll open it up when I screen share.

David:

Okay. First item we have is a safety moment. So Jeanine, if you could give us a brief overview of that.

Jeanine:

Sure. Jennifer, are you going to screen share that?

Jennifer:

I will do that.

Jeanine:

Thank you.

Jeanine:

This was a big word for me when I saw this.

Tony:

[inaudible 00:02:24]?

Jeanine:

Holy moly, sustainable gastronomy day. Who would have thunk? But apparently tomorrow is that, and it's obviously related to food, but the sustainability piece is basically taking into account the ingredients we use with our food, how we grow our food, how it gets to market, how it gets to our plates. And this little moment is just an explanation of what we can do to help. So kind of simple things help reduce malnutrition in all forms, cut food waste and improve nutrition, make not wasting food a personal resolution. I've actually tried to attempt to do that a number of times. Promote public awareness of food waste and this wonderful, sustainable gastronomy, promote green culture diets, promote clean energy for local restaurants, and finally raising public awareness around sustainable food.

Tony:

I thought it was a day that I could eat all day long.

Jeanine:

You can Tony, but you have to follow all those rules. So you have to go somewhere local, you can't be wasteful, but you can definitely do it.

Tony:

Do you remember who I am, I don't follow the rules.

Jeanine:

Thank you David.

Tony:

Well, thank you Jeanine.

Jeanine:

Your welcome.

David:

And now we're ready for the commercial business committee. So I'll motion to recess as the authority and meet as a commercial business committee.

Kevin:

So moved.

David:

Is there a second?

Tony:

Second.

David:

Second. All those in favor? Signify by saying aye.

All:

Aye.

David:

Ayes passes unanimously. Kevin, it's all yours now.

[COMMERCIAL BUSINESS COMMITTEE MEETING 12:33 P.M. TO 2:52 P.M.]

[STRATEGIC PLANNING COMMITTEE MEETS FROM 2:52 P.M. TO 3:09 P.M.]

Mark:

Thank you. I just don't know if I can stay the whole time because I made a doc. I thought it was going to be earlier. So I made a doctors at three thirty. What time is it now? 3:10. All right. I'll be leaving soon. All right?

David:

All right. Thank you, We'll see you tonight then anyway at the meeting, so thank you.

Mark:

Well, you guys were on for a long time, maybe do executive session at the end.

David:

Well, and that's one thing we have to consider. We've been asked by RPB members to consider that, but quite frankly, sometimes, we have to have some items where we are really fresh and ready to go and tackle and sometimes they might be executive session, I have, sometimes they're not at the beginning as opposed to four hours later, at the end of there might be time, and.

Mark:

I was ready to go at 12:30.

David:

Yeah. Well, I appreciate that. I hope you had lunch at all that first.

Mark:

Oh, you know, that's what I missed. You guys didn't send me a lunch over on Uber. I was really disappointed.

David:

That's why I got two, okay. Now I understand.

Mark:

All right.

David:

We'll move on to item D, which is act on items rising from committee meetings. I'll turn that over to Kevin to give a little explanation and move some motions on the floor if he would like, because they were from his committee.

Kevin:

Yes. Thank you, Mr. Chairman, we have potentially two resolutions to vote on arising out of the commercial business committee. Recommendations of the courage commercial business committee. Do I have, I don't know if we can pull up Jennifer, the resolution under number four of the commercial

business committee. Thank you. Do I have a motion to move this resolution? It was recommended by the committee to the full board.

David:

If you'd like to move it, then, I'll take that as a motion to move it.

Kevin:

Yes.

David:

All right. Is there a second?

Tony:

Second.

David:

Is there a discussion, Kevin, you want to leave discussion if there's any?

Kevin:

Yeah, there was some good comments in committee when we came out of executive session. I can repeat those comments for, I don't know if it anyone's benefit but, Mr. Levine's, but I think that as we had mentioned the time has come for some action. There has been lot of due diligence, there's been a lot of work involved with bringing this acquisition forward for approval, by a number of people in management, probably everybody on the management team. We thank everybody for their hard work. And we think that this is an acquisition that supports the tenants of the commercial business committee, as well as the RWA strategy long-term strategy with and sustainability of the organization.

David:

Thank you. Any other questions or comments on the motion? I think Kevin succinctly said what we had talked about in executive session and summarize in our public session that this does move us forward. It does continue to track to try to mitigate rate increases and keep our system as up-to-date and in good working order as it should be and as it is, and allows it to be done at a reasonable cost to our users. So, all right. Are we ready? Sensing, I see no other hands sensing you're ready to vote. All those in favor, signify by saying aye.

Suzanne:

Aye.

David:

Aye. I heard five ayes, so that item passes unanimously. It's good. Kevin, did you have another motion you wanted to put on the floor?

Kevin:

I do have another motion. It flows from this resolution and moving the second resolution that was approved in committee, or I believe it's the eighth amendment and I don't have it in front of me. I don't know if we can pull up that resolution, Jennifer? Yes. I'd like to make a motion to move this, well, moving this resolution which is the eighth amendment of the authority voluntary investment plan.

David:

All right. Is there a second?

Catherine:

Second.

David:

Second by Catherine. All right. Any further discussion?

Kevin:

I would like to add, based on comments that came from other board members that we think that this is in the best interest of the RWA, with respect to this particular acquisition or in this particular industry line of acquisition.

David:

Okay. Very good. Any further discussion? Seeing none all those in favor, signify by saying aye.

Group:

Aye.

David:

Aye. All those opposed? Abstaining? Passes unanimously. Thank you very much. Thank you, Kevin. You guys had a lot of hard work for your committee and the management that worked on this. So thank you.

Kevin:

Thanks everybody. Thanks [management 00:53:52] and Jennifer.

David:

All right, we'll move on to consent calendar. What's your pleasure folks. Someone like to move this.

Catherine:

I can move the adoption of the consent agenda.

David:

Moved by Catherine. Is there a second?

Kevin:

Second.

David:

Are there any items that we'd like to have removed from the consent calendar for further discussion? For everybody, sensing you're ready to vote, all those in favor, signify by saying aye. Aye. Any opposed? Any abstaining? Was unanimous, that's good. All right. We'll move on to updates and hand this over to Larry first. And I know he'll pass it along, but what probably will be our last COVID update. I think we talked about the other day in agenda prep.

Larry:

This year, our last COVID update for a couple of reasons, but there wouldn't be any news of significance after this point, but obviously if there is, we'll keep you informed. So I'll give it to Beth for the update.

Beth:

Sure so, as typical, our employee health metrics, maybe this is another good sign is that we had no new cases since last month. That's been the first in a while. So we have still at 33 confirmed cases over the extent of the pandemic. We have gained a little bit more information, thanks to the HR team around vaccination status, based on voluntary reporting and we believe we're about 67% vaccinated among our workforce, which is great. So we are planning to kind of do another rollout to request information that can be stored in our human resources information system, but good news on vaccination status.

Beth:

Overall, not a whole lot of news to report other than we did welcome more staff back to 90 Sergeant drive last week. Actually it was two weeks ago, June seventh. Called the kind of a soft reopening of 90 Sergeant. We even had an ice cream truck come to a welcome staff back. And also Janine made a great effort in terms of getting some doughnuts delivered to some of our staff outside of this office. So.

Tony:

I did want to complain that we never get [crosstalk 00:56:04].

Suzanne:

I was going to say the same thing.

Tony:

I don't want you to think that I'm a one [crosstalk 00:56:10] person.

Beth:

Well, I think we did serve a customer because there was somebody in the ice cream truck. And I said, who is that? I don't recognize that employee. And then she got in her car and drove away. So we are helping our public.

David:

I mean, do you really need a donut [inaudible 00:56:23]?

Beth:

Her and her dog lucked out that day. Overall, the only other thing to report is that we are continuing to monitor, you know, PURA and shut moratoriums. We do have a tentative plan to restart that activity towards the end of July, June, July 20th. And I know some other work to be done about the zero interest, but in terms of shots, the tentative date right now to start that back up is July 20th. So more to come on that, but that's the extent of my report. Hearing no questions. I'll turn it back over to Larry.

Larry:

Okay. Rochelle, did you want to add anything to that or?

Rochelle:

I think I can cover most of my update when I do the financials.

Larry:

Okay. All right. Great. Thank you. So I'd like to take a few minutes to highlight some key items from this month's board report letter. Thank you, Jennifer. The first two items regarding those strategic plan and the acquisition we already covered. Next, I informed you that the leadership team reviewed their assigned committee charters and they'd been working with the authority members to revise the charter in consultation with all of you. So thank you for the work that you've all done with that and thanks to the leadership team for their work on revising the charters. They'll be presented like today for approval at a subsequent committee meeting. So today you saw some of that work.

Larry:

Following that topic, I advised you about a bill that recently passed the Connecticut state Senate that would create a mechanism that positions the Connecticut Green Bank to receive and disperse, federal environmental infrastructure funds. So this awaits the governor's signature and in the interim, we are seeking clarification from bond counsel on whether there is anything that would prevent the RWA from being eligible to receive funding from the Green Bank. So, Catherine, I don't know if you have any insights to that or not, or whether we need to wait on that.

Catherine:

I have no particular insights on that, but I don't believe that waiting is ever [crosstalk 00:58:50]. Jump in there and make sure that you're known.

Larry:

Right. As soon as we get a read on that, which should be shortly, we'll certainly make ourselves known. And speaking of making ourselves known, we've been pursuing funding through the congressionally directed spending program that allows water infrastructure projects to be submitted up to a \$2 million, including water treatment and construction upgrades and so Chad and Rochelle recently compiled and submitted three applications to the state Senator, or excuse me, a federal Senator on our behalf and so that hopefully we can get some federal grants for some of our infrastructure projects.

Mark:

Excuse me, excuse me [inaudible 00:59:39]. Is Rose involved in that? I mean, cause.

Larry:

That's a separate matter. This is apparently the two senators from our state are able to earmark projects and federal funding. And so we have put some projects in for federal funding. Separately I've written a letter to representative.

Larry:

I've written a letter to representative Rosa DeLauro asking that we be considered in the infrastructure plan that the Biden Administration is considering. And I have a meeting next week with her staff to talk about ensuring language is written in such a way that governmental authorities like the RWA are included in that language. And then thirdly, we are investigating funding under WIFIA and working with the city of New Haven on the recent federal money that they received to see if they can fund some of our infrastructure projects as well. So we've got four different initiatives underway to receive grants and funding from the Federal Government for infrastructure projects that we might qualify for.

Mark:

But in the end the senators once did that always go in front of the appropriations committee? Wouldn't that all go in front of the appropriation... Eventually the federal stuff.

Larry:

I would assume that it would so.

Mark:

Okay, good. But then we have the, hope the ace in the hole, so to speak

Larry:

That's right. And then finally, I had a paragraph on our diversity, equity and inclusion progress. You recall that we're working with a consultant called Leading Culture Solutions and the RWA's Inclusion Council known as TIDE. We administered an employee survey to establish a baseline DE&I perception across the organization and recently the leadership team and I participated in a TIDE council meeting to talk about the work that needs to be done from both a leadership and employee perspective to further our diversity, equity and inclusion progress within the organization. And we'll certainly review our DE&I initiative and survey findings with all of you at an upcoming board meeting. So those are all the highlights from this month's board letter. And I'd be glad to take any questions you might have.

David:

Are there questions for Larry on his updates? I'm not seeing anybody pick up. All right. Thank you, Larry.

Larry:

Very good. Thank you.

David:

All right. We'll move on to finance. We'll get our last, our fiscal year-end financial report.

Rochelle:

Yes. Thank you. And Jennifer, if you can start with the balance sheet and I do want to mention, one before this, oh, you're missing, yeah that one. I do want to mention similar to other years, these are preliminary financials. There are a few key items on that we'll still be recording. As I go through the financials, I'm going to mention what some of those particular items are, as well as just going through the audit and making any final adjustments. So I do just want to note that these are still considered are preliminary. So with that, starting with utility plant, you can see that utility plant year over year, the net plant is actually down to 5.9 million. There's a couple contributing factors, primarily that our capital program this year was less than it had been in other years. We are going to however, be doing a final update on accumulated depreciation so that net plant number may change.

Rochelle:

No change in Goodwill, the current assets, I'm just moving along there. What I want to put in context here is that fiscal 20 is after the year end disposition for fiscal 20. We have not yet recorded the year end disposition associated with fiscal 21. I will be going through that shortly but that is the primary reason that in the current asset category and in particular cash in cash equivalents, it's actually up by 18.4 million. And again, that is primarily due to not yet recording the year end disposition and reflecting that, although we have had some impact from COVID overall, we did well in fiscal 21. So our cash position has increased from an accounts and accounts receivable, here again, I do want to mention that you can see that our receivables are up and this is what you see here. That 1.3 million. It is net of our allowance.

Rochelle:

We did increase our allowance again because of our receivable position. We're currently having an allowance on our books of about \$4 million. So that is year over year. Just moving down the page as it relates to the regulatory, the restricted assets that is primarily being driven by our construction fund. And that we'd been paying for our fiscal 21 project out of internally generated funds so that the construction fund is the primary driver there. For regulatory assets the primary driver there, is just amortizations of our existing our regulatory assets. We did not add any additional assets in that category. The deferred charge associated with pension and OPEB. I just wanted to mention, this is one of the categories that will be updated based on the fact 31, 21 actuarial reports. That's still a little way away but that will be reflected in our final financials and our final audited financials, when we get those reports.

Rochelle:

The liability side, I don't know, Jennifer, if you can move the screen a little bit over, so folks can see the variance in the liability column.

Jennifer:

That doesn't give me the ability to do that.

Rochelle:

The build these to do that. Okay.

Jennifer:
I'm sorry.

Rochelle:

A couple key things here. Overall, our total overall liabilities are actually down by just under 25 million contributing factors there are in our revenue bond payables, that is down year over year by the 20 million 565. The 20 million 565 actually represents our upcoming current payable. So that will be our 8, 1, 2021 principal payment but we did also make our August 1, 2020 principal payment and we have not issued any additional revenue bonds payable. The premiums on again, back in the non-current liability section is down. That's just year over year amortizations. We did close at the end of April on a DWSRF loan. That was for the fourth and final tranche of AMI. So we got a 2% loan, as well as you'll see it in the P and L a \$800,000 grant was associated with that financing. The pension liability and the OPEB obligation. The reason you see no change again is we have to wait for our actuarial reports until we get the final updates. And then we'll, were recording those obligations for fiscal 21.

Rochelle:

Some of the other categories, you can see that the no payable, I just want to highlight this. You see the reduction of the about five to eight million and that is due to, we had interim financing associated with the AMI project and that's now the longer term DWSRF financing. And that's a key driver there in the liability payable from restricted assets, just some really primarily timing related items in the payables and the accrual accounts. Again on the deferred inflows and outflows related to pension and OPEB, that will be updated when we do our final financials based on the actuarial reports. And for the total net assets are really the net position. And you'll see this also in the P and L we did have a good year. You'll see that our net position has improved by about \$19.9 million on a preliminary basis. If you go to the next sheet, unless there, is there any questions on the balance sheet before I go to the next page?

Mark:

Hey, I'd love to listen to the rest of this but I got to go. Sorry about that. Hey, I'll see you all tonight.

Tony:

You're still responsible for the test Mark.

Mark:

Okay.

Rochelle:

Actually on this page. So this is our P&L and if you go up to the top part briefly. And then in a minute, Jennifer, if you can bring up the maintenance test, that would also be helpful. So you could see that overall, our total operating revenues are up \$6.1 million that is primarily being driven by metered water revenues. One of the things that we have experienced related to COVID is we actually had seen a pretty significant increase in our consumption, especially in the residential area. And that is definitely significantly impacted where we ended the year. Also operating and maintenance expenses, even though our operating and maintenance expense budget was significantly lower. We actually did come in lower than that on a preliminary basis. That's about 55.3 million. It's about \$895,000 under run and that

does include the additional pension contribution that we made. I expect they'll probably be some additional changes as we go through our final routines and or through the audit.

Rochelle:

I just want to mention you maybe haven't seen this before but the reason you see pension and OPEB expenses broken out separately for the prior year, we do separate out any of the impacts associated with these complex GASB rulings to be able to keep that separate. And we'll separate that out again when we book fiscal 21. Also on the P&L, you can see that there has been an impact in interest earnings. We've talked about the lower interest rate environment. You also know that we will be discussing it a little bit more shortly, that we have not been charging additional interest on outstanding balances. The only other thing I want to mention at the top part of this page is that inter-governmental revenue. So that 825, that does include our \$800,000 recent grant from our DWSRF most recent financing. If you go down to the maintenance test, I just want to highlight a few things here.

Rochelle:

So we did have a good year. We did see some impacts, as I mentioned previously, associated with COVID but those higher billings have really helped us sustain our revenue position, as well as not having as significant an impact as we had projected on, as you recall, we were pretty conservative in our COVID adjusted budget. So our revenues remained strong, especially because of that additional consumption and billings interest income, as I mentioned, is down. And that is primarily due to not charging interest as well as they actually here it's because of the much lower interest rate environment. A key contributor to our coverage at 126% is that our expenses had remained low at the 55.3, that's a key contributing factor to our year end position. And also Pilot came in a little bit lower than anticipated that service came in a little bit lower and that's primarily just due to the timing of DWSRF but we're very happy to report that we are projecting on a preliminary basis, 126%.

Rochelle:

And after I go through another key points of the financial presentation, we'll be talking about our year end disposition, which is also actually the strongest it's been in fiscal for fiscal 21. So moving to the next page. Here I'm just going to highlight some of the key variances. And again, if you have any questions, just let me know. So payroll continued to be under, it's under by about 1.2 million. And that is really primarily due to the significantly lower head count than was forecasted in the budget. For employee benefits, you can see that the pension contribution and this is just the operating expense portion of that. That's really the key reason that, that is higher than budget but that was actually almost entirely offset by lower medical. I had talked about that previously. We had seen lower medical. We do think especially earlier in the fiscal year, that is due to COVID.

Rochelle:

And also because payroll is lower items like FICA, for example, are also lower. So those employee benefit categories have pretty significantly offset that additional pension contribution. Administrative and building that's a little bit over and that's primarily due to custodial services. That's also at least partially related to the cleaning that we did for COVID, as well as other higher than anticipated costs. Utility and fuel on that's also over, primarily electric service, as well as some communication expenses that are in that category. The business improvement category, that's under by 210,000, that's largely offset in our other proprietary expenses. That's where we had put some monies in primarily associated with some of

the, what we're now considering commercial activity. So we're classifying that under a different category. Outside services is over by about 252,000. This is consistent with what we expected. I think that you are aware that there are some outside resources that are covering some of our key critical positions as well as other initiatives.

Rochelle:

So that is not different than what we expected when we did our update through the budget process and bottoms [inaudible 01:17:00] projection for outside services. A couple of the other categories that have some of the higher variances is, IT licenses and maintenance fees, that is a bit lower. And that is also somewhat as we anticipated. And then maintenance and repair is actually one of the categories that's over. That was over by about 479,000. There are some tornado related expenses, definitely some COVID related expenses, some valve repairs, as well as some other higher than anticipated costs. So even though our overall O&M came in lower than budget, we don't believe that anything critical that was brought to our attention was forgone because of the lower budgeted levels. Are there any questions before I get into the capital update?

Rochelle:

Great. If I'm moving on to the next page. So first at a high level, we did actually achieve our 96%. We actually came in at 96.2%, a lot of work went into that from the project managers, as well as the finance team and the leadership team supporting, helping to ensure that we got to that target. As far as key variances. I'm just going to, again, highlight some of the larger ones, unless there's other particular questions. So one of the projects that came in under is the Burwell Hill Pump Station that came in under by about 179,000. That project was placed on hold for a scope reevaluation earlier in the fiscal year, the work has resumed and that project will continue into fiscal 22. Another project, the West River Water Treatment Plant a fluent pipe injection project is under by about 152,000. In that project was initially delayed due to COVID.

Rochelle:

The contractor is now on site. The project is going to continue into fiscal 22 and it's also, I'll be talking a minute about the carry over list, so that project does have some carry over associated with it. Under the treatment category. Also the North Sleeping Giant well pipe motor replacement, that's under expended by about 144,000. And that is really due to the time that was involved in verifying the necessary specifications for the VFD. And then the lead times associated with the VFD that has been an impact of COVID. Lead times have definitely been impacted on that project will carry over into fiscal 22. Another project in the treatment area is the backwash and a surface wash pump replacement. That's under expended by about 187,000. That project was earlier suspended, is now in progress. And that project will also continue into fiscal 22. Some of the other larger projects that have variances talk about the Ansonia Derby tank that's under expended by about 167,000.

Rochelle:

I think you're probably now aware that we did get a favorable decision from the judge in late May denying the appeal. So that under run is primarily all the timing related and all the delays that project is going to carry over into fiscal 22. And there will be a carry-over associated with that project. Moving down to the general plant area. The RTU project, I think it's a little further down, Jennifer. That project came in a little bit over and that is primarily just because we were able to get some May invoices paid

within the fiscal year. So we did do that. And that project also is going to continue into fiscal 22. The monthly billing project, which I think is just a little up above that did come in under, by about 136,000. That project is under is well under way, that project is continuing into fiscal 22. I think those are really some of the key variances, unless there's other particular questions, and we did make the 96% target. Okay. If there's no question here, probably moving on to the interest information.

David:

You had a ruin the good news.

Rochelle:

Yeah, I can keep going. We're working on it. So this is one of the less favorable. Unfortunately, the interest rate environment has been significantly impacted. I've just mentioned a couple of things that we're working on. As I had mentioned probably last quarter, we did convert some of the stiff money into longer term investments. We're trying to do maybe more in the three to five years because there is a concern. We don't want a lock in it too lower of rates. We'll do a little bit more of that to try to offset the current interest rate environment on the stiff. The other thing mentioned is we are going to look at other options to the stiff rate, which is significantly down and see if we can find an alternative liquid investment for the funds that need to be kept liquid. Also where relative to the construction fund, you can see that there's really not money that's not invested.

Rochelle:

What we did throughout the year we only drew on the construction fund money that we actually needed to meet each of our weekly funding. So we kept that well-invested throughout the year and although it's not part of the maintenance test, it does help mitigate future financing. And then we have the growth fund, that earned a little bit of interest and the interest that we earned on the growth fund. We are allowed to keep that within the growth fund. And on the next page you can see from a cash perspective how we came in, so as mentioned, we did see a shortfall but it wasn't unanticipated. So we factored that into our projections for the end of fiscal 21. And we're doing what we can to try to mitigate that going forward.

Rochelle:

Are there any questions? Thanks, Jennifer. The next item is the allocation of the revenue fund and associated our resolutions. So maybe Jennifer, just go back to the letter for a minute. So I just want to mention that as we go through our year end disposition and this is a refresh for current members and for Catherine's benefit. So we do have certain required funds. And as we go through the end of the year disposition, we need to confirm that we have our required funds at or above their necessary level. So our capital contingency fund meets, actually exceeds our requirement. That's also true for the operating reserve. So all of the available monies we're able to put into discretionary funds. So we're very pleased that we have just under 17.7 Million that's available for disposition. We're proposing to put a million of that into the growth fund and the rest of that into the construction fund to mitigate the upcoming financing requirement associated with our rate application.

Rochelle:

We're also proposing that we move an additional \$3 million from the general fund, not as part of the year end disposition but it's anticipation of our upcoming rate applications. Again, [Tahoe Buff 01:26:33]

set the rate increase and also to the points that were mentioned earlier, to also help with our leverage. So if you scroll now probably, Jennifer, if you go to the very last page. This basically shows the proposed, you can scroll over a little bit, maybe make it smaller so people could see fiscal 21. So this is the fund positions before and after the disposition. So the general fund at the end of last year, because we've put that additional \$5.5 million in and not just to refresh, that was done because the general fund gives us the most flexibility because it could be used for any lawful purpose. And it would still be considered from a rating agency perspective, part of the funds available to support our bond folders.

Rochelle:

So we are proposing to move 3 million of that into the construction fund to mitigate the upcoming rate application. We're still over the target of 10 million and that still gives us some flexibility, should something else come up, potentially we can move the money into the growth fund. We can move it later into the construction fund or we can leave it in the general fund. What we're proposing for the growth fund, we're replenishing everything that we took out. So you might recall that we funded one of the commercial billing projects out of that fund. So we're going to replenish that. We're putting just a little bit more into that fund. So we'll bring that fund up to about 6.6 million.

Rochelle:

And then with the construction fund, as you might recall, we funded really all our construction for fiscal 21 out of our internally generated funds. So we used just under 19 million, we're proposing to put the 16.7 million as well as that additional 3 million. We do need to fund through internally regenerated funds, the first seven months of fiscal 21, so we'll have funds to do that. And then still help offset the financing associated with our upcoming rate application. So that's our proposal. If it's available, there are the various resolutions as part of the letter that we need to be approved.

David:

This is an excellent picture even ever improving too, which is great. Are there questions or comments because this does pages three, four and five do have motions for us. As Rochelle said. To enact her plan as recommended, I don't see questions who would like to move the motions if you're in favor of it too.

Tony:

Still moved.

David:

All right. Is there a second.

Kevin:

Second.

David:

Second by Kevin, moved by Tony. Suzanne, do you have a question?

Suzanne:

No, I was getting stuck in it.

David:

Oh, okay. Sorry. So you're moving to speak. So, all right. All right. So this is very good news. We certainly are going to have a good balance in the construction fund-

David:

So we certainly are going to have a good balance in the construction fund. The seven months, from fiscal year 22 are how much of that 30 million?

Rochelle:

They are about 21 million now, including the carry overs, which we're going to get to in a minute.

David:

Okay. All right. So we will still have some money left in the construction fund even for the rest of this calendar year?

Rochelle:

Yeah, and that will be applied to the rate application.

David:

That's right. Okay. Which we'll be seeing next month, which is in the addendum. All right. Sensing you're ready to vote, because I don't see anybody anticipating asking any questions. All those in favor signify by saying, aye.

Group:

Aye.

David:

All five ayes' so it's unanimous. Thank you very much.

Group:

Thank you.

David:

You've got the carry overs.

Rochelle:

The next item is the proposed carry overs. What we are doing are actually carrying over the entire remaining amount of our fiscal 21 budget. If you go Jennifer, I think it's the next page that just shows at a summary level, the different projects and reason. So we had two projects that are related. I actually mentioned both of them early on. So they had been postponed and now they're underway or it's also just some timing related projects. So we're proposing carryovers associated with that and just the normal routine edge. We are going to carry over the entire amount of our budget into fiscal 22. The resolution is allowing us to do that, and then also our filing of the updated capital plan with our trustee.

David:

So this is typical unfinished projects that we need to run with the remainder of the year. Are there questions or comments? We'd like to move the motion that's in here, the resolution.

Catherine:

I move the resolution.

David:

Right. Move by Catherine, who would like to second that?

Suzanne:

I will second it.

David:

Suzanne will second that for the carry over, a million dollars to have a budget increases to this fiscal year's to about \$40 million.

Rochelle:

Correct. Just a little over 40 million.

David:

All right. Any further discussion? Sensing you're ready to vote. All those in favor signify by saying aye.

Group:

Aye.

David:

All five votes pass unanimous again. Okay. And then the last item. Well, two more.

Rochelle:

The next item is to give an update on something that was brought to the finance committee and will be put before the full RPB is allowing us to extend the zero interest to Ashley, July 20th. Or if there is an additional executive order that further extends emergency associated with COVID. Giving management discretion although, we're not expecting that possibly further extent. I think Beth mentioned earlier, our plan is that the same time that we institute shots, we'll also search interests just to provide a little bit of background on both the financial impacts as well as just some background on why we are making this recommendation. First, from a financial impact. As far as the impact on fiscal 22, it's really insignificant. As you know, we did not charge interest all of fiscal 21, but still able to make and actually exceed our coverage targets.

Rochelle:

We've actually been watching what's happening with pure governed utilities, both water and electric. What are the differences between RWA and the entities that are under PURA governance is they have

continued to extend their payment plan options? Which is allowing customers to pay over about a 24-month period balances and without charging interest. We're monitoring what was going on with that. For example, getting water is extending that until at least July 20th. July 20th date is coming from executive order 12B that's one of the later governors, executive orders. That's currently the timeframe that COVID related executive orders will come to an end. Although, many of them have already terminated. Right now, just for some of the electricians, as far as even shut offs, the electricians still can't shut residential for none payments or monitoring what's going on with that. Aquarion has given approval to shut for nonpayment, but I will also add that Aquarion Connecticut water, there's pretty high requirements that they're doing relative to, pure about where they're shutting and what their situation is. I'm trying to monitor that carefully. For the most part, follow suits. We did propose that we keep the zero interest until July 20th. That resolution will be before the RPB; it was supported by the finance committee. Any questions?

Rochelle:

Okay. The next item on the agenda is the schedule for the rate application. If you want to call it up, Jennifer. The schedule is pretty straightforward. Pretty much following our practice in the past for a July filing that's effective in January. We're sharing today the schedule. I will mention that there is going to be a cost of service study that's associated with this rate application. We're already working with [inaudible 01:36:59] Ellis to be in a position to actually file the case on the July meeting and provide the application in advance of that. So that's, upcoming. I'll also mention that the schedule has been vetted with Acacia. They're the firm that we work with on our financing, it's also been vetted with bond counsel. Who we work with very closely on these financing. You can see that I will file with the authority in July.

Rochelle:

The plan would be that we would submit the RPB by July 19th. However, there is time, especially with the change that was recently made as far as when we need to give documents to the RPB that they need to take action on. If there is any need to further review the rate application, there is some flexibility. The plan would also be that at the finance committee meeting in August, we would expect that they would consider the filing complete. Then the RPB would take action on the public hearing. At their August meeting, the hearing would be in September with a decision in October and then the financing would occur. The discussion with the rating agencies would be expected in the Novemberish, mid-November timeframe. The work that we do on the preliminary official statement, and then the official statement. Pricing would probably happen right before the December holidays and then end plan would be to issue the new debt and have the rate application effective the second working day in January. Are there any questions?

David:

No. All right, very good. Thank you Rochelle. All right. We will move on to reports of RPB committees. Let's see, as we scroll down there just a bit. The first meeting in June was actually land use, last Wednesday. So Katherine, did you attend?

Catherine:

I did. So I had the pleasure of attending the Land Use Committee, which was held at Lake Hammonasset. Let's see, when I left my house, it was 97 degrees. Don't know what the humidity was and rain was scheduled. Rain did come. And so the meeting began a little bit late because we were all sitting in our

cars for 20 minutes, while it rained, thunderstorm and hailed. This is a very intrepid group and they hung around. Frankly, the location is beautiful. That's one thing. So once the meeting began again, John Triana from the Regional Water Authority, the property manager provided a history of Lake Hammonasset property. It's a very interesting history of its stealth acquisition and how the tunnel was built through bedrock. That created this lake and which is a significant resource for Lake Gaillard. It's about 30 feet deep in case anybody cares about the dam.

Catherine:

We had about three-week's worth of rain over three days, which resulted in the lake being about 97% full. Obviously the safety moment was first. They discussed the national trails' day and the other safety moments I noted was don't stand outside in a thunderstorm that's dangerous, right?

Catherine:

There was a very comprehensive report over a number of issues with respect to the land use. One of the things I found most interesting was a recent report of encroachments on RWA property, where a new land owner decided that he didn't like the crab grass that was growing on what he thought was his property. What was actually RWA property and did a significant amount of damage by taking a backhoe and also other equipment and just removing the turf over some of the significant line. He didn't perforate or break into the water line, but the repairs are significant. This homeowner is going to find out how significant. The committee did vote on a resolution concerning a sale of certain property. The vote was unanimous, it reflected the satisfaction with the process. I can't read my handwriting here. There's one extension that it wasn't unanimous regarding that the sale of that property. That's all I have to report.

David:

Thank you. And we have to make sure that you get one of the RWA umbrellas, although that wouldn't have helped in the [crosstalk 01:43:31]

Catherine:

I am a former girl scout. I have, I always carry umbrellas in my car and I had a spare for one of the other RPB members?

David:

Very thoughtful. Thank you. The next meeting was a finance committee meeting, and that was attended officially by Suzanne, but I know Katherine and I were there as well, but Suzanne, what's your report.

Suzanne:

Great. You guys can help me out if I miss anything that's terrific. So the finance committee largely spent their time receiving a presentation from David. Thank you. And it was an excellent presentation on water conservation and the benefits associated with water conservation to rate decreases and overall bills for customers. Sometimes that rate water conservation can also be good for water companies, even though it's overall driving revenue down. So I thought it was very helpful and interesting presentation. Secondly, they talked about their own compensation and voted to recommend to the RPB at large, to continue to put in place their raise that been put on hold. Simply because they're following the RWS

lead in terms of compensation for other employees. And that's all I have, unless there's anything else that I'm missing.

David:

That's good. Thank you. Then the next meeting that Tony is going to cover is consumer affairs and they don't meet until next Monday. So Tony, just, you got there [inaudible 01:45:19]. All right. So now we have to figure out what's going on in July and very likely they will have to meet in person again. There is a circumstance. So those happened before, the finance committee and consumer affairs will meet on the same night. Finance committee rarely go more than 30 minutes because of Marianne's report. It went a little longer the other night, but they're going to be able to meet one at five and then one at 5:30. So could have one person cover both since there'll be going out and go in there in person, if that's your pleasure.

David:

Just to let you know, we do need somebody for the 19th. Either one or two people for the two different meetings. Then we need someone who can cover land use. Katherine, I think this is your first time through this. What we try to do is give everybody an opportunity to have been during the quarter. Each of the committees, sometimes scheduling doesn't allow that, but this way you get a flavor and a feel and the RPB members, get to see you and you get to see what they're doing. So

Catherine:

I volunteer to attend the meeting on the 19th.

David:

Okay, do you want to do both? Finance and then consumer affairs?

Catherine:

If they're at the same place, I think I can do them both.

David:

They are. Okay. Very good. So Jennifer will note that. Then we need someone who'd like to go to the Land Use Committee on Wednesday, July 14.

Suzanne:

I'll try to do that.

David:

Okay. Kevin and Tony get that, that's good. Let's slide that down to August. So we have Finance Committee on Monday, August 9th. Who's available for that?

Suzanne:

I'm sorry. David, can I just ask you a question? Who did you put on the Land Use meeting?

David:

The Land Use, you.

Suzanne:

You did. Okay. I thought you said something about Kevin and Tony. So go ahead.

David:

No, I said they, after I said you would get that. I said, then they have the money.

Suzanne:

I see. Very good. Thank you.

David:

All right. August, August 9th. Okay, great Land Use.

Tony:

When is that?

David:

That's the 11th. Tony, did you...

Tony:

When is that?

David:

Wednesday, August 11th.

Tony:

I can do that.

David:

Great. Okay. Very good. And Consumer Affairs for August. Who's available Monday the 16th?

Catherine:

I can do that.

David:

Okay. Thank you.

David:

So September, let's slide this down a little Jennifer. We've got September, actually they're out of order because of the Finance Committee. Whoever hasn't done Finance Committee recently and if they're available Monday the 13th.

Catherine:

Actually, finance is probably the only one I could do in September.

Suzanne:

And I'll do Consumer Affairs, because I could do either one of those.

David:

Okay. That's good, Jennifer. You got that.

Jennifer:

I got that.

David:

Good, and then Land Use.

Kevin:

I can do Land Use.

David:

Okay. That takes care of that, super.

Suzanne:

David, would you mind when was land use in July?

David:

Slide that up and you'll get Jennifer's. [crosstalk 01:48:29] Yeah.

Suzanne:

I'm sure, I have to write it down now or you'll never see me.

Jennifer:

I'll remind you. Don't worry.

Suzanne:

I'm like the last board member never know where I'm supposed to be when I'm supposed to be.

David:

You've never missed anything that I'm aware of. So next is honorary resolution and I had a conversation with Joel this week and he doesn't want a big reception of any kind, but he's willing to accept a little key reception. So I suggested how about we have a five o'clock on a meeting day, a little reception with a little ceremony because we're generally done by five o'clock RPB members. You know, their meeting is until 6:30, but they start coming in, actually some of them very early. They start coming in for the sandwich supper 5:30, 6 o'clock. He was agreeable to that.

David:

So my thought is, he's away the week of July meetings. So my thought was to try to have it at the August meeting if possible, because that would be the first one that he's available and sooner rather than later, only because you know, he's already been gone for a little while and we really don't want this. I don't want him to change his mind. So if it's all right with everybody here, we'll have a little reception for him between the meeting to add August. If, for some reason the RPB is still meeting remotely. I don't know that's allowed, but if they are, they're going to try to. They weren't hoping to meet in person since September. So they may have to meet in July and August in person. It'd be either August or September, depending on what the first meeting we can have, and Joe will be available for both.

Suzanne:

Yeah. I would say, go ahead and move forward with August. The only thing is that it's a good possibility I will not be there. I usually call in on our August meeting. So, I would miss that.

David:

Yeah. I suspect that somebody that actually would make him happy because he didn't want a big crowd. Not you specifically.

Suzanne:

Yeah, yeah.

David:

I just want to be clear on that. But no, he was shy about it, but I said, you know, all the years we all identified it to be an appreciation to you. He said if you make it small and you know, don't make a big deal out of it. So anyway, all right. So we have a resolution here, which I think we can all read and, and have read. Cause I thought for sure I read this, but I guess I didn't at the last meeting. So if you folks are agreeable to this wonderful encapsulation of Joe's attributes to the port authority,

Suzanne:

Joe, David, I don't want to belabor it, but would you mind reading it into the public record? I think he deserves it.

David:

Yeah. All right. Whereas Joseph Cermola has faithfully served the South central Connecticut Regional Water Authority as a member of the Regional Water Authority for 44 years. And whereas Joe became a member of the Regional Water Authority in 1977 and has served with great distinction as vice chair from 1992 to 2008 and from 2010 to 2020. And whereas Joe served as Assistant Secretary Treasurer of the

Regional Water Authority from 1982 to 1991. As secretary treasurer, 2009 and where his show served as chairman of the Audit Risk Committee of the Regional Water Authority from 1999 to 2016 and in 2020. And whereas Joe has also served as Chairman of the Compensation Committee of the Regional Water Authority from 2017 to 2020. Whereas Joe displayed a deep commitment to the mission, vision and stars, values of the Regional Water Authority. And whereas Joe's hard work, dedication and leadership contributed greatly to the Regional Water Authorities reputation as a leader in the water industry and as a strong steward of the environment.

David:

And whereas Joe has unselfishly contributed his time and talents to the Regional Water Authority and participated at all times in a gentlemanly fashion while blending a keen insight with his extensive knowledge and experience in engineering and finance and as an organizational leader. Now, therefore be resolved that the South Central Connecticut Regional Water Authority, hereby congratulates, Joseph Cermola gratefully acknowledges his 44 year dedicated two years of service, continuous service and wishes him well in the future.

Suzanne:

Here, here.

David:

That's a move. There's a second.

Catherine:

I'll second that.

David:

All right. Anybody else want to comment? I put you to sleep.

Suzanne:

No, no. I just think the last paragraph really captures him very nicely. So whoever wrote this, the last whereas is really right on.

David:

Jennifer wrote all of it, so we'll give her credit. All right. All those in favor, signify by saying

Group:

Aye. Aye.

David:

That was good. All right. Well with that, we come to the end of our meeting, but not the last thing I want to talk about. If I did not mention the sad news that this is Beth's last meeting with us may not have been the longest serving person with us, but she certainly has been one of the most consequential people serving the water authority with positivity and keen insight and a real energy that has brought

our meanings. And I know the staff and the whole RWA forward in thinking, and all other ways that are positive. She really deserves our thank you and wishing you and your family the best in the future.

Beth:

Thank you. I appreciate that, David. It's been fun

Tony:

Can we refuse to accept your resignation?

Suzanne:

I refuse to accept her resignation.

David:

Larry tried.

Jeanine:

I was going to say, we already tried that, it doesn't work.

Tony:

But you didn't do it with a good strong hand.

Suzanne:

Yeah. I'll be meeting her out in the parking lot.

David:

Okay. Sorry. Nope. That's all right.

Catherine:

Beth, it was very nice to meet you.

Beth:

You too Catherine, good luck to you. It's a great board to be a part of.

Catherine:

Of course, thank you. I was very sorry to see you go.

Suzanne:

Yeah. I, I would like to also add that you added tremendous amount of class to the leadership team and you just have a very nice combination of hard work ethic, very bright, very capable, and can say whatever needs to get said without ruffling everybody's feathers in the process and getting people to do what needs to get done. So kudos to you. And I wish you the very best of luck. Thank you very much.

Catherine:

Suzanne, you're still going to need it in the parking lot. Right.

Suzanne:

But I'm still going to meet you in the parking lot. You're not off the hook.

David:

All right. Well, on that mixed note, a sad note, certainly for all of us. I will ask for a motion to adjourn and see you all a little later.

Catherine:

So moved.

David:

Is there a second? All those in favor signify by saying aye.

Group:

Aye.

[AUTHORITY MEETING ADJOURNS AT 4:17 P.M.]