

South Central Connecticut Regional Water Authority
November 18, 2021
Meeting Transcription

David: All right. With that I'll call the November 18th 2021 authority meeting to order at 12:30. The first item on the agenda as always or has been for several years now is safety moment. And Jeanine, are you going to give us a little recap?

Jeanine: Sure, will do. So this is all about the carbon footprint in the world and how to reduce it. So just to give you some ideas I'm... I'm sure you can read them, but eating more plant-based foods and less animal foods is helpful. Obviously, public transportation, carpooling whenever you can. Switching to low carbon energy provider, recycling... recycling, reuses, no more plastic straws, rethink fashion choices, that's an interesting one to me I haven't really thought about, and choose energy-efficient appliances. So I think if we all do that and we'll all do our part then things will be better in the world.

David: Great. Thank you, Jeanine. We are at the moment where we're ready to go into the environmental health and safety committee who would like to move that we recess the authority and meet as such.

Catherine: So moved.

David: Move by Catherine. Is there a second?

Kevin: Second.

David: Okay, by Kevin. Did we lose Suzanne or she's coming back? Okay. All right, all those in favor say, "Aye."

Group: Aye.

[ENVIRONMENTAL HEALTH & SAFETY COMMITTEE MEETING FROM 12:31 P.M. TO 1:10 P.M.]

David: Next item on our agenda is the consent calendar. So what's your pleasure, folks?

Catherine: I move acceptance of the consent agenda.

Suzanne: I'll second.

David: All right, and there's a second. Are there any items we wish to have clarification on, or taken off? Seeing none, although I can't see all of you, at the same time, but seeing none and hearing none, we'll move to a vote. All those in favors signify it by saying aye.

Group: Aye.

David: All right. We are, there is... Actually, we have to back up before I accept that motion as completed. Item six, had, and as I was looking at the agenda I thought it was a separate

item, item six in the consent calendar has an option of the fourth week or the third week. We've previously talked about wanting to go to a fourth week in order to give management more time to prepare reports, other than when it conflicted with holidays, which I guess is three months next year, it would conflict with holidays. If we had gone the third week, we'll be going the fourth week. So it'd be November and December that'll be the third week. So is our pleasure to do the fourth week, and therefore we would strike from the consent calendar the last motion in there, which is the third week? Is that our agreement?

Kevin: I'm in agreement with that.

Tony: Sure.

David: Thank you. I'm seeing some nodding heads. Yes, from the ladies.

Jeanine: Yeah.

David: You happen to be right next to each other on my screen. So that's good. Thank you. All right. So we're all in agreement with that. So then we are striking six, part two, the third week, from the motion of the consent calendar. And we are voting strictly on the fourth week, and the committee meetings and whatnot. All right. So with that, none of you want to change your vote, I take it. So I will declare the vote as unanimous and complete, and we will move on to finance and we will ask Rochelle, I assume, as always, and you'll give us a little discussion of the budget schedule.

Rochelle: Hi, thank you, David. The budget schedule, and Jennifer, if you just want to bring it up on the screen, this really is consistent with prior years, following, other than the date changes between the calendar years. I think one of the things that would be hopeful to do if we can, is to actually see if March 31st, which is a Thursday, actually works for all the board members or if it needs to be modified. It is consistent. Last year was April 1st, and just based on the way the calendar falls, the comparable date would be March 31st, but I know sometimes the dates don't quite work.

Tony: Works for me. Yep.

David: It's unusual in that it's a fifth Thursday. So we'll have two Thursdays in a row that month where we would have meetings.

Rochelle: Yeah.

Kevin: That works for me as far as I know right now.

Catherine: Okay.

Rochelle: And then I think we'll work with the RPB committees to just confirm the date that they want to have those, their meetings, and then the rest of the schedule is pretty

straightforward. I did note that if the Authority meeting is on May 26th versus the 19th, that would still work well, and then we'll submit our budget to the trustee before the end of the fiscal year.

David: That's how it is with our motion we just made. So it will be the 26th, that month.

Rochelle: Are there any questions?

Tony: Nope.

Rochelle: Thank you.

David: Thank you. All right. Then we will move on to other items within your purview, and that is consider and act on the Preliminary Official Statement & Supplemental Resolution for the 36th Series Bonds & Refunding.

Rochelle: Right, and there's a few things that I do want to highlight. First, I wanted to mention that the reason that we need the quick change to the resolution for A and the overall authorizing resolution, is based on working with our bond council, as well as working with Acacia, the firm that we work with for our financing. We're actually able to avail ourselves of a current refunding. So we are going to do that along with the Series A. The other thing that I want to mention about the, couple more things that I want to mention about the resolution. So you might recall in some of our presentations, even about the model or the budget, when we talk about looking refunding opportunities, this plan does also include something new regarding the refunding. We're actually going to do a forward delivery, sometimes referred to as a delayed delivery, and what that allows us to do is because we have-

Rochelle: Us to do is because we have bonds that are callable on August of 2022 we'll actually be in the window that it makes sense to do this forward delivery. So you pay a small premium, but still better than do a taxable advance refunding. So we're going to avail ourselves of this. So it's going to be a two part process. We're going to close on the new bonds. And on the current refunding bonds, it will be priced in December, currently plan on closing on January 5th, depending on market conditions. And then we're going to do the forward delivery that will close in very early May. Couple other things that I want to mention is we are planning on doing a small amount of green bonds within the new money. Ted and I are just finalizing what that amount should be. This time, we are going to self-certify the bonds that we're going to call green. That is the prevalent approach than what we did last time, which was our first time that we did green bonds, where we got a third party certification. So it was the recommendation of both the underwriter, as well as a cashier that we really don't need to incur that cost in time, that it would be fine to self-certify. So we'll make sure that what we select meets the criteria.

I will want to mention, once we pick the project that will be the green bonds, those funds will not be fungible with the rest of the capital plan. So we do need to make sure that we designate projects that we know are firm and that we have a really good

estimate of the dollar amount. Also mention in that in the resolution associated with the refunding bonds. The forward delivery piece of that 70 million is roughly 20 million, probably even a little bit lower than that, but that would be the maximum amount there for the rest. That would be a taxable advanced refunding right now, just a set expectations. The market doesn't look like that's going to be beneficial, but the resolution gives us opportunity to watch what's happening in the market and to make a determination if any of our maturities make sense to go ahead with a taxable advance. So a little more complicated this time, but we're really are trying to avail ourselves of all opportunities to lower the debt service, and assist our rate payers.

David: And just to summarize again, we're not taking these and extending out the timelines. Timelines for payoff is still consistent with what they were. We're just refinancing at a lower rate and able to take advantage of the historically low rates right now.

Rochelle: Absolutely.

David: Good. Okay. Just wanted to make sure that was clear. Any other questions regarding this? What action do you need of us in these? Is it all four items have motions.

Rochelle: Yes. You need to approve the preliminary official statement as well as authorizing resolution. That includes both the new bonds and the refunding bonds. If you have any comments on the POS, you could let us, no, it is still in draft. We are updating it for the green bonds.

David: Okay. Would someone like to move these motions? In.

Kevin: All over them.

David: All right. Is there a second to that? Second by Katherine. And second by Kevin and Catherine. Okay. Is there further discussion or questions? I can't see you all. So don't be afraid to speak up because I'm just a column there. Okay. No questions. All right. Nope. Sensing you're ready to vote. All those in favor, signify by saying aye. Aye. Aye. I heard five votes. It passed unanimously. Thank you. Thank you, Rochelle for sharing.

Rochelle: Thank you very much.

David: And being our guide, appreciate that. Regarding the consulting engineers report, is there more we need to do with that or are we ready to go? That's just encompassed as part of all the information, right?

Rochelle: Correct and it'll be within the preliminary official statement.

David: Okay. Very good. Thank you. All right. So then we're on item E reports of RPB committees. I just saw it up there for a moment, but you've got it on mine here as well. So we'll move on to finance committee. Tony, were you able to attend a couple weeks ago?

Tony: I was, and I was entertained by a 10 year model presentation from Rochelle. And that was the entire business of the committee, except for some housekeeping detail.

David: Okay. Any significant discussion of items they would like us to change or?

Tony: Well, there's always some questions about whether or not that what is going to get cheaper, be done differently or, but basically nothing, no change.

David: All right. Well, it's good to hear from them. They're an important group in this process. Thank you. All right. Let's see if Suzanne was equally entertained at the land use committee.

Suzanne: Yes, David, we had a productive meeting. The chair recognized veterans day, which was a nice thing. Miss Tewksbury of the biological control lab at the University of Rhode Island provided a presentation on the bio control of swallow warts, which included a number of top, including toxicity, moth life cycles, and some other things that they've learned over time related to that. Ms. Reynolds of the field implementation at the University of Connecticut provided presentation on the bio control of swallow warts on RWA properties. So they got to hear a little bit more about how all of that then applies to our WA. John Triana then gave a complete report on the land we used for the water we use program in the various categories. And it was a well received, both presentations were well received, some questions, but nothing of any significance in addition to the regular updates that we got.

David: All right, super thank you. And consumer affairs. Kevin, were you able to attend Monday?

Kevin: Yes, I did attend. And Rochelle had given the 10 year rate modeling to the consumer affairs committee as well. There was a lot of discussion. A lot of questions, concerns about the long term financial health of the organization and challenges that lay ahead and requirements. And That will be whether self-imposed by the authority or by regulatory actions, especially Mr. Mongillo had a few specific questions. Then there was talks also about the state drinking water, the revolving funds grant opportunities, the infrastructure bill and future challenges and financial forecasting. Then Jeff Donofrio actually followed up on a question that Steve Mongillo and some concerns Steve Mongillo had about how are we taking everything into consideration that we can and how are we going to meet our financial obligations in the future.

And said that when he reviews the rate application cases, he also looks at the long term plan and how do the rates fit into the long term plan? It's just not a rate case by rate case application. So I think the committee appreciated his comments as well. And he also, Jeff Donofrio also said there's no consumer issues pending, which has been that way for several months. Now that there's been no pending consumer issues. So I don't know if they're being addressed at the initial level, which would be a great job, but there's less work for Jeff in that respect. And that was it.

David: Okay, thank you. It's probably apropos to make a comment at this point regarding the 10 year model, because it's come up in two of the committees and they've been recently reviewing them. And it's not always seen necessarily by the RPB when items by management or the authority are pushed off or delayed or moved around in order to save money. The CIS is a good example. A few years ago, management said, "we're not ready with this it's 20 million. We've really got to look at other ways to do this". So that was pushed off in order to save money within the budget and in order for other items to be prioritized. So we have over time, not just approved everything that has come through and not just said, well, let's just keep adding to the dollars. We've been judicious and careful. And quite frankly, also what may not be as well known.

But I being a realist and somewhat of an optimist as well. I don't know how I reconcile the two sometimes, but I do feel that the budget is very conservative in that it does not include significant grant money that we would be receiving either at a minimum from the state drinking water revolving fund, or from items such as the two US senators have some of our items within their area of, of approval through their appropriations process, as well as the fact that we continue to hope that the infrastructure plan has money for lead pipes, which is a major significant item within our capital budget. Yet we did not include that there would be significant funds to that. There's some funds in there, but there's not what we realistically should be able to hope for both partners with our municipalities, potentially as well as from the state or federal directly for that issue.

So I think it is scary. It is significant. It is sobering that we have a large capital budget, but I think it's conservative. And I think it's put together in the best interests of the authority, not counting on some things that quite frankly, I think we should expect and just can't budget for. And therefore, I don't think that we are looking at quite the rate increases the way they were expected, but I would also remind us all that when they look at what the rate increase, that's where most people go when they look at the 10 year plan, is that line right in the middle there. We also note that as we have surpluses each year from some under expenditures and whatnot, that money generally can lapse into either the pension fund or we can let it lapse into the general fund and put it into the construction fund and lower the amount that we need to borrow as well.

And so it's probably realistic, but a fairly pessimistic case going forward that we've presented. But I think it needs to be done that way. I think we need to remind the RPB because they don't see it where we push off items or that these other items are all potentially going to come to fruition with regard to additional revenues to offset that that is an important component of this and that there will be a place in a time for us on the authority and probably for RPB members, as well as we have mobilized in the past in order to get out there and push to make sure that these items... We've got a lot of people with connections to Rosa DeLauro, who's probably the second, most powerful person in Washington right now, at least in Congress. And I think we need to make sure that her home district is well taken care of and her constituents are well taken care of.

So I just think it's important that we get that out, and make sure that the RPB does understand that those are scary numbers. And we are very cognizant the fact that it's all

sobering information when we review the 10 year plan, but that there are mitigating factors that are going to come to fruition as we move along and just can't be budgeted for, and can't be put in there. So just that's what I had to say about that, because I've heard comments coming in and I thought it was important to make those additional comments.

Anything else before we move off of the RPB committee assignments and get ready for strategic planning committee? All right. I'll accept a motion to recess as the authority and meet a strategic planning. All right. I heard a motion in a second. All those in favor signify by saying I. I heard five Is. It's unanimous good.

[STRATEGIC PLANNING COMMITTEE MEETS FROM 1:30 P.M. TO 1:53 P.M.]

David Thank you. So item G, there were no acts arising from committee meetings that needs to be taken, actions. So we go right to consider an act on a resolution pertaining to subsidiary companies of the RWA commercial enterprises. This is to allow us [inaudible] as it says, have a subsidiary [inaudible]. Rochelle, did you want to give us an explanation of this, or Larry did you want to start?

Rochelle: [inaudible].

Larry: This resolution is really to lay foundation for us to move forward more expeditiously with our commercial business expansion. So Rochelle's been proactive in working with [inaudible], getting this put together, so we can eliminate some [inaudible].

Rochelle: To follow up, we have learned what some critical path items are. We definitely want to further build out the legal entity structure that was previously shared with you. We're asking for approval to set up two new subsidiaries under the Commercial Enterprises LLC, same structure.

So if you recall, RWA Commercial Enterprises LLC is fully owned by RWA. And then the subs under commercial enterprises are fully owned by Commercial Enterprises LLC, the structure that we previously shared. The resolution authorizes the formation of RWA Environmental Lab Services LLC. And it also authorizes the formation of RWA Commercial Services LLC. Again, same structure.

And as Larry mentioned, this will expedite the process. Just to give some examples, you can't set up a bank account unless you have an entity. Even with insurance and some other items that are critical path, we want to make sure that the structure is in place and ready to go.

David: Any questions or comments? Sounds like a logical extension of what we've already been working towards. All right. What's your pleasure? Who would like to approve this?

Kevin: I'll make a motion to approve the resolution.

David: All right. Thank you, Kevin. Is there a second?

Group: Second.

Group: Second.

David: All right. Any further discussion or questions? Seeing none [inaudible] all those in favor, signify by saying aye.

Group: Aye.

David: I heard five strong votes. That's good. All right.

David: We are at item I, the last item on the agenda, which are updates. And Jeanine, if you could give us an overview of the COVID update and then we will move on to Larry for the board.

Jeanine: Sure. So Amanda actually gave a fairly robust COVID update. [inaudible] things I just want to point out in addition. We did have two COVID cases that came through this month, since the last board meeting. Interestingly enough, both of them were from vaccinated employees. One had very, very mild symptoms and one was quite ill. So that was disappointing. She was disappointed that she got that sick from being vaccinated. So that was unfortunate.

The other thing is, we usually talk about the status of shots. And as you know, last month I reported that shots were due to happen at the end of October. Those happened, we had shots effective I think October 24th. Apparently what I learned from Laura Gonzalez was that we, with respect to those shots, we had about \$22,000 outstanding of which we collected 15,000, and the rest, arrangements were made. So the good news is we do have some money coming in from that.

I think that was it. Any questions about anything related to COVID and our employees that Amanda didn't mention? Great. Thank You.

David: All right. Thank you. Larry.

Larry: All right. Thank you very much. I'll highlight some of the items from the monthly board letter. I'll start with, on the commercial business front, we are continuing to advance acquisitions for an environmental service lab and a well services company that we discussed with you last month. And we'll have more discussion on that at the December commercial business committee meeting.

We are continuing to advance our territory and product expansion efforts, seeking partnerships with communities to offer PipeSafe to homeowners outside of our service territory. We are preparing to pilot our WellSafe suite of products later this month. So, great progress being made on the commercial business front.

On the recruiting front, I'm very, very pleased to tell you that we have filled the position for vice president of engineering and environmental services, with a professional engineer with almost 30 years of experience in managing complex civil engineering and design construction projects, managing business units, and has strengths in strategy, planning, execution and working on water and wastewater projects. And he will be joining the organization on December 6th. That's great news.

Ted can depart here and rest assure that we won't be calling him back for a temporary consulting assignment.

Tony: Not so fast.

Larry: And thank you, Ted, for all the help that you've been this past year, while we've been recruiting for that position.

I also wanted to let you know that our application for electrical improvements at Lake Saltonstall were included in the Senate Appropriation Committee's publicly released draft spending bill. You'll recall that Senator Murphy's staff had contacted Rochelle about any projects that we thought were appropriate to include in the senator's spending proposals.

And she and Ted worked together, submitted the Lake Saltonstall projects, and we got all of those cost included in that appropriation bill. So that'll have to-

Tony: Good deal.

Larry: Go through approval process, but good work, Rochelle and Ted put that together. They responded quickly and provided a very robust explanation of what was needed to be done.

Our WIFIA letter of intent of interest for the Lake Whitney dam and spillway improvements have advanced to the next round. And WIFIA you'll recall is a low cost loan program, which is below what the DWSRF interest rate is. And that interest rate is currently around 2%. So WIFIA loans are even less than that. I'll provide a few more details about that particular item during our executive session, because the EPA has asked that we embargo any public discussion of the project until the release date.

We also published as you know, our fiscal '21 annual report, which takes a look back at how the RWA was an essential resource to our customers and communities during fiscal '21. And the report features a tribute page to our friend, Joe Cermola for his 44 years of dedicated service to the authority board. And as you may know, Joe was part of the original founding authority board for the Regional Water Authority. And he and former chairman Claire Bennett worked together with others to actually form the Regional Water Authority to the entity that it is today.

I wanted to let you know that David and I had delivered a hard copy of that annual report to Joe last Friday, and had a chance to catch up with him. And he's doing well and keeping busy. I also mailed a copy of the report to his son, Joe, Joe Jr. since he provided us with the photo of his father that appears in the book.

In other news, I resumed voluntary meetings earlier this year with employees after they had lapsed due to COVID-19 and safety concerns. I recently completed a series of 20 employee conversations to hear how they think we can either do things better, or either in their department or their job or within the organization, or if there was any opportunities that we missed. Had some interesting insights there.

And the next wave of employee meetings has begun. These one-on-one interactions are just simply another way that I can continue to engage with the workforce. The anecdotal feedback from employees who have participated in these sessions has been positive. That's all been very good.

And then not in my letter, but yesterday the Southern Connecticut State University Utility Management Advisory Council held their fall meeting. Catherine Lamar joined me for that, and it was on a very timely topic of cybersecurity. We had three very highly qualified individuals serve on the panel.

We had Art House, who was former chairman of the Public Utility Regulatory Authority, and also headed up Governor Lamont's cyber task force. We had a consultant, Michael Stamets, who has extensive US government intelligence and private sector experience. And then the vice president of security for Avangrid who is also a former assistant secretary in the US government and had cybersecurity under his jurisdiction there.

So it was a very informative session. I think we might be able to get one of those speakers to perhaps join in an audit committee coming up next year. Catherine, I don't know if you want to add anything to that.

Catherine: Well, thank you, Larry. Actually first of all, thank you, Larry, for making me aware of the event. I thought it was extremely informative and extremely frightening and I think it will be very helpful for all the board members to understand the potential risk from cybersecurity or cyber incidents in the future. I'm looking forward to bringing one of these gentlemen in, to talk to us directly about the potential risk for an organization and the things that we can do to mitigate that risk. So, thanks.

Larry: One of the things that I found very interesting is on the front of employee awareness, because it's been identified and Prem has mentioned this more than once, is that lot of your threat is really internal. It's employees either doing something unintentionally to expose the organization to a cyber threat, or obviously they could do it intentionally, but it's the unintentional innocent actions that they might do, that could cause a problem and open your network up to a cybersecurity threat.

And one of the things that a couple of speakers mentioned is that it's important to keep cybersecurity top of mind. And one of the ways that they suggested that, is that from the board of directors all the way down through the organization, that there be, much like we do a safety moment, that there be a cybersecurity moment, just to keep people aware of what they can do to prevent something from happening, as easily as not clicking on a link that you're not aware of.

Those are some of the things that I think we probably need to be looking at, is how the board can help manage senior management, set the tone for the organization, and reinforce the need to be very diligent, before they click on what looks like an interesting link, but may be very dangerous.

Larry: So with that, if I could just ask the committee or the board to go into executive session for a moment, so I can further expand on the Lake Whitney dam and spillway improvements.

Tony: So moved.

Group: Seconded.

David: All right. And that is inviting the senior executive team members that are here, as well as Jennifer to lend their expertise. Joe, I think that means we're ready to give you an early afternoon. Thank you so much. We can't hear you. You're on mute. Joe, you're on mute. There you go.

Joe: Great. Thank you very much. I appreciate everything that you covered today. It was a very interesting meeting and it looks like a bright future for the company.

David: Thank you. Appreciate that.

Joe: Thank you.

David: All right. We'll see you tonight.

Joe: All right. Take care.

David: Okay.

David: Thanks Joe.

[EXECUTIVE SESSION FROM 2:21 P.M. TO 2:27 P.M.]

David: And is there any other updates or any other business to come before us? Seeing none, seeing you want your beautiful afternoon to hopefully go outside for a few minutes, I will accept a motion to adjourn.

Tony: So moved.

Catherine: Second.

David: Second by Catherine. All right. All those are favor, signify by saying aye.

Group: Aye.

David: Passes unanimously. All right. We will reconstitute ourselves as guests of the RPB...