

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY

JULY 25, 2024

MEETING TRANSCRIPTION

David:

I will call the July 25th, 2024 Regional Water Authority meeting to order. It's 12:30. Note, we have 100% attendance of our board. First item is a Safety Moment and that's avoiding back injuries. So take note of that.

Next thing is public comment. Jennifer, are there anybody who are from members of the public present?

Jennifer:

No, no public members are present.

David:

All right, next is to meet as a Pension and Benefit Committee. So I would ask for a motion to recess as the Authority and meet as a Pension and Benefit Committee.

Suzanne:

I'll make that one.

David:

All right, is there a second?

Mario:

Second.

David:

All right, all those in favor signify by saying aye.

Authority members:

Aye.

David:

It is Unanimous, Catherine, it's all yours.

[PENSION & BENEFIT COMMITTEE MEETS FROM 12:31 TO 1:06 P.M.]

Suzanne:

So in terms of acting on matters arising from the committee, I have a suggestion.

Catherine:

Sure.

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Suzanne:

One is, let's say a year from now, same time this year, next time is to take a look at this trend of money outflow versus money inflow, but it's due to the portfolio. My question lies in, I'm sorry I don't have my iPad here. What do we pay out each year now in benefits?

Catherine:

I do have to double check it. It's probably somewhere between 3 million, 4 million.

Suzanne:

Okay.

David:

In 401k contributions to our [inaudible 00:38:42]?

Catherine:

No, no, [inaudible 00:38:44] you I.

Suzanne:

Yeah.

David:

Okay, sorry.

Suzanne:

So one of the things I'd like us to think about is as that might be ballooning and then it'll, it does, right? And it'll contract. So at what point is a good point to think about shifting either asset allocation and/or this 10 year projection of payments? Because at three to \$4 million, that's a hefty risk for us to take and not have the money available to pay. When that starts to shrink to \$2 million, we're already making additional contributions at 2 million, we might be able to pull that 10 year number back a little bit, add equity to the portfolio. I'm not suggesting this is what we should do, but we have a very conservative mindset right now. So it's in the way we invest and the way we allocate for payment, and over time, that is going to hurt our ability to continue to pay out.

But anyway, I just thought a year from now, if we can have that conversation a little bit more.

Catherine:

It's a discussion.

Suzanne:

That we can have [inaudible 00:39:48].

Catherine:

Including the information from the actuaries.

Suzanne:

Right.

Catherine:

And we're taking up [inaudible 00:39:53].

David:

No, no that's fine. That's important. This is an annual thing with the 401k, so I knew we wanted to make sure.

Suzanne:

And I would say next year, I'd love to know what it costs to administer the 72 factor. And I was going to say the Morgan Stanley fee for the 401k, it's a fixed fee. It's set up differently than the pension, but we have to look into the end.

Catherine:

It's not a per participant? You have so many participants [inaudible 00:40:18]?

Suzanne:

Yeah, the Morgan Stanley fee is fixed.

Catherine:

Okay.

Suzanne:

But Empower probably does, I'm assuming vary based on trans [inaudible 00:40:25].

Catherine:

Okay, thank you.

David:

Set?

Catherine:

Yep.

David:

Thank you very much. There are no matters that we need to act or vote on. That's item D. Item E is the consent calendar. What's your pleasure?

Mario:

So moved.

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David:

Is there a second?

Catherine:

Second.

David:

Are there any points of clarification or any items you want pulled off? So sensing you're ready to vote? All those in favor, signify by saying aye.

Authority members:

Aye.

David:

Passes unanimous. We are very quickly at reports of the RPB committee meetings. All right, so July we had Finance Committee. Catherine were you able to attend?

Catherine:

I did. The Finance Committee had a report from Rochelle of the year-end financial reports for fiscal '24. Won't need to get into details it was the same information that we hear, as well. The chair, Vin Marino, was re-elected for another year and the committee adjourned at 5:31.

David:

And Land Use, we had the special meeting that afternoon, if you may recall, being RWA, so nobody was able to attend. I actually had the altruistic thought that I would go and then we had that meeting and said that isn't going to work. Our meeting didn't end until what? 5:30 or so. So nobody attended Land use. Were you at that, Sunny?

Sunny:

This time I couldn't because I was actually sick.

David:

You were at our meeting. Yes.

Sunny:

So I couldn't attend it but I believe both Larry Marcik and Cody gave an overview of the Prospect Reservoir improvements that were happening and I think there was a site walk where they went through [inaudible 00:42:46].

David:

We'll have to listen if there's anything in addition to that tonight when they give their report to RPB.

Mario:

The mayor of Prospect, I understand, attended that meeting.

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David:

Oh, he did? All right. Consumer Affairs Committee.

Suzanne:

Yes, we met also. It was relatively brief highlights that Prem provided on the results of the survey.

David:

Okay.

Suzanne:

And he pointed out that we were performing quite well and he was pleased with it. Not as much participation as in the past.

Secondly, they inquired about cost of performing the survey. He answered. Didn't lead to anything else. Atty. Donofrio talked about the Winter's Run condo and the negotiation of settling with them an outstanding debt due to a bankruptcy, et cetera. Again, did not go into detail but said that that looks like it's coming along and the outcome's reasonable.

He also reported that two applications from the Authority are coming up that we're aware of, both the rate application and the acquisition application. And then lastly, Ms. Campbell was elected to be the new committee chair. And then we adjourned. Congratulations.

David:

Congratulations, Naomi.

Naomi:

Thank you, you everyone.

David:

Okay, very good then we know what our assignments are for the next couple of months here. We're still on it. All right, so if we can go right into business updates. Okay. And we'll kick that off, Prem will review the latest RWAY project summary. Hi, Prem.

Prem:

Good afternoon, everyone. I'm going to keep it quick. Everybody's rushing so please ask any questions you may have. So if we go to the next slide. So we are still trending yellow on the project overall, and as I had updated last month, we are still looking to observe three weeks in the testing. We are actually testing the project that we call integration system test one.

A couple accomplishments I would mention here is we did complete, there are a total of eight different extract transform load programs. We completed the fifth cycle, which is good news there. As I mentioned, test cycle is 68% complete so we're still working on it. We did have our first customer communication on water lines this month, which is good. So giving some highlights on what's coming down the pipe. So those were some of the key accomplishments that we had for this month from last month.

We are trending pretty good on the budget side. We have a 7.9 million budget for this fiscal year of the overall budget of the project. We are tracking the budget. We still have a good contingency that we had

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put in play. We want to use it for the dry days, as we know. As you're working through some of the decision risks and issues, as I mentioned, we do have those three weeks that we cast it as a risk from our perspective on being able to deliver the testing. We are still working through that. The team is working really hard and we are actually trying to manage the testing to come underway for December 4th go live. Those are some big highlights. Any questions from anybody?

Suzanne:

Just briefly. So you're still on target to try for the December, January timeframe, but a lot of things that could slip to make it?

Prem:

Yes, exactly. That's also a good question. I do want to mention this. As you all know, we are going to be talking about a rate case. So the team, Rochelle, myself, as sponsors, have reviewed. So there is not going to be any impact on rate. We are going to go ahead with our plan. I just wanted to mention that, so that's good news. We have accommodated that as part of our go live and obviously, we will decide which system we are going to put the new rates in. So that is something is still under discussion. But from perspective of the actual reaching itself, we are pretty good. We have accommodated that, in terms of what needs to get done, whether it's SAP or the new system. So that's the vendor works.

David:

Okay, so one less issue for us to think about when we're deciding on the issuance test application.

Prem:

Exactly.

David:

Any other questions or comments?

Suzanne:

So I'm not sure I understand. Did we close the gap on our delay? Are we all set [inaudible 00:47:24]?

David:

Yes, it's still an open question. I thought we had some good news, in that respect. I think we have good news in the past, last meeting on that.

Larry:

Well the good news was we resolved some issues.

David:

Okay.

Larry:

In terms of budgeting that's been resolved satisfactory. So that's the good news. But the December 4 day is still in question.

Prem:

Yes. Targeting it, what everybody's headed for. We're saying that's it, but there is a chance that it could slip.

Catherine:

Is that why the budget is still at risk?

Prem:

Yes.

Larry:

It was 14.8 million. That's 16.08 takes into account the contingency, the 10% differential.

Prem:

Yes.

Mario:

16.08 at risk?

David:

No, we're not at risk of going over that if we stay-

Prem:

No, no.

Larry:

[inaudible 00:48:21] That takes into account if we are [inaudible 00:48:23].

Prem:

That's right.

Larry:

Prem's taking some steps to not even spend some of the contingency dollars so we have a little more reserve if we need that.

Prem:

Very good, that's the plan, yes.

David:

Okay. Thank you for the update then. With that, Larry, anything else?

Larry:

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There is one other item I'd like to go into executive session to talk about matters covered by section 1-210B(9) pertaining to reports and statements of strategy and negotiations with respect to collective bargaining.

David:

Okay.

Kevin:

I make a motion pursuant to the language on the agenda to convene in executive session.

David:

All right, motion and a second.

Mario:

Second.

Catherine:

And I have a question. Who will be invited to [inaudible 00:49:14] ?

David:

We would invite senior executive team. And Naomi, I don't think we could invite you. I'm sorry. To negotiations. We usually don't.

Catherine:

It looks like she was going out [inaudible 00:49:30].

David:

Right. Yeah, because the cases that come before the RPB usually RPB member isn't here anyway, to be prejudiced on that. So I guess you got a short afternoon? Thank you so much.

Naomi:

Okay, I'll see you later.

David:

Thanks, Naomi, we'll see you. Very good. All right. And there were no members of the public that joined us. I know some months we have. So then I will ask for a vote on that motion. All those in favor signify saying aye.

Authority members:

Aye.

David:

Aye passes unanimous. We are in executive session for the above mentioned recess.

[EXECUTIVE SESSION FROM 1:17 P.M. TO 1:38 P.M.]

David:

If people [inaudible 00:00:03] It was in the consent calendar, so hopefully you guys don't mind. The same question I asked you, Bob, the other day, when we had our meeting, about why our accounts payable or collections went way back up to 18 million. We had been going great, great numbers and then all of a sudden.

Rochelle:

I don't have that right in front of me, but I know the percent addressable went up. I think current went up, but there was a notation that the results were actually preliminary. We actually did-

David:

I saw that.

Rochelle:

We did actually... There was some issues with the report that we used.

David:

Okay.

Rochelle:

So it is possible that they're going to change.

David:

Okay. I hope so.

Yeah. The other question that comes to mind, and I'm pretty sure I saw it on the board report, is that our average daily flow was more. It was from 49 to 51 million for June, but our revenue expected was down and our revenue collected was down. How could our flow be up and the revenue expected, so our...

Rochelle:

So the revenue is cash based.

David:

Okay. Well, that, I know. They paid early.

Rochelle:

Right.

David:

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But I thought there was another one. But I thought there was another one that's based on figuring the water.

Rochelle:

The earned revenue is.

David:

Yes.

Rochelle:

And it was down. That could have to do with how the earned revenue is estimated. So, we'll be watching that.

David:

Okay.

Rochelle:

But yes, it was that.

David:

Okay. I just thought it was interesting that we were half a million short in revenue, but we had two million gallons a day more in water, on average. I thought that part was good, but not this part. All right. That was all my questions.

Kevin:

Could it have been related to the increase in the unaccounted for water, or is that related to the additional flushing that we're doing?

Rochelle:

It could be related to [inaudible 00:02:01]

Kevin:

As opposed to [inaudible 00:02:02]. So it's not a loss per se. As traditional flushing gets.

Sunny:

It could be, but we have to look into it, because those data does go back a little bit further down the dates on the unaccounted for water. But if you're talking about June of 2024, that may not correlate that well. But even still, that data itself, we are looking into it, because between the AMI and the master meters, we are calibrating the master meters. Between the AMI data, it's not really picking up the right, I would say, data itself, on the consumer side. So, there is some data calibration that needs to be done.

That is what I would say the team is working on, because it certainly does add to that mix. As you will see in the last 12 months, you're saving some peaks and valleys on that. We are not very comfortable with, I would say, how the data is correlating with what's leaving the treatment plants and what's being consumed. So that delta is something that we are addressing at this point of time, which going into

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2025, that's part of the strategic plant goals, to bring it down to 10%. But certainly that does play a role, but I'm not sure how significant a role that is, in terms of the question that [inaudible 00:03:22]

David:

All right. Any other questions for report type questions? Business updates? All right. So then, we're on item H. Do we want to take a break for 10 minutes, and then we'll do the issue and rate test application? Then we'll go into the Blue Drop acquisition, but we'll take a break.

[BREAK FROM 1:39 P.M. TO 1:49 P.M.]

David :

All right, I'll call us back to order. We're all here. And the next item is Presentation of Issuance Test Rate Application. Apparently, there's some commercial and financial information related to that. So management has asked that we make this an executive session. Is there any part of it that'll be public session, or is it all related?

Larry:

No, this will all be an executive session.

David:

Okay. Is there a motion to that effect?

Mario:

I move that the Authority convene in executive session pursuant to the statute stated on the agenda.

David:

Is there a second?

Catherine:

Second.

David:

Inviting management senior executive team. All those in favor, signify by saying, "Aye."

Authority members:

Aye.

David:

We are in executive session.

[EXECUTIVE SESSION FROM 1:49 P.M. TO 2:23 P.M.]

David:

We've just received a presentation and there are two sets of motions in here. If we want to put them on the floor, we can discuss them.

Speaker 2:

Let's see here. Rochelle, do you want the bond series resolution first?

Rochelle:

What was the second one? The actual [inaudible 00:00:19]?

David:

The rate resolution.

Rochelle:

The rate resolution. It makes sense that-

David:

Makes sense to me. We should do them all together, since one is dependent on the other.

Rochelle:

Yes.

David:

Is that a motion?

Kevin:

I'll move the 39th series bond resolution as presented.

David:

Okay.

Kevin:

And also the rate resolution as presented on this agenda.

David:

Okay. Is there a second?

Catherine:

I'll second that.

David:

Second by Catherine. All right, discussion?

Suzanne:

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Just that the continued discipline and process has continued to fortify this organization in its financial strength. And the ongoing ability to produce water at a very reasonable rate for our users. And it's a good thing.

David:

Well said.

Kevin:

I'll just add that based on the presentation and executive session and the conversations and discussions we had in executive session, that I believe that the proposed rate is the correct rate for this time and the bond resolution supports that rate.

David:

Does anyone have any other comments? No? All right. Sensing you're ready to vote. All those in favor signify by saying aye.

Authority members:

Aye.

David:

Passes unanimously. I will so inform the RPB tonight during my report that they have an application.

Kevin:

Before we leave, timing?

David:

They're going to have the September public hearing. That would be the expectation that was in there. And Bob's expecting that.

Rochelle:

And we'll make the changes that you mentioned to that.

David:

We came out of executive session to do the discussion of motions. So now we're ready for item I, the last item on the agenda today. And it is Presentation of Blue Drop Acquisition Application. And this has a request for executive session for obvious reasons as well. So who would like to move that for the reason stated inviting the senior executive team?

Mario:

I'll make that motion.

David:

Is there a second?

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Catherine:
Second.

David:
All those in favor signify by saying aye.

Authority members:
Aye.

David:
Passes unanimous.

[EXECUTIVE SESSION FROM 2:25 P.M. TO 4:12 P.M.]

David:
There is a resolution for the Application and a protective order. They're both there. Item four and five. You know what, I would like to do these separately.

Rochelle:
Sure.

David:
Okay. Item three, motion for protective orders to vote on. So who would like to move that?

Catherine:
Mr. Chairman?

David:
Yes.

Suzanne:
I move approval of the proposed resolution for adoption by the South Central Connecticut Regional Water Authority. Do I have to read the entire resolution?

David:
No, just reference the title at least.

Catherine:
Item three on the agenda.

David:
Motion for protective order.

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Catherine:

Motion for protective order.

David:

Okay. There's a motion.

Mario:

Second.

David:

So there's a second for that. And this is coming out of our discussion. We had an executive session regarding the application for a consideration of an acquisition and since it is in the public interest that items be protected, we're making this motion to go for approval of the RPB to the next step. All right, any other discussion? All those in favor signify by saying aye.

Aye.

Authority members:

Aye.

David:

Okay. Voting for the protective order. Now there's another protective order. That's item four.

Rochelle:

That's the actual protective order.

David:

That's the actual order. The person was authorizing it. This is just a copy of the order. We don't vote on this because we just did.

Rochelle:

And I think David and Larry you'll have a letter to sign.

David:

Right. And then the RPB's, documents they have to sign, the agreement that Agent Vice Chairman. Okay. All right. So then the last item to vote on is a resolution Blue Drop for resolution item five.

Kevin:

I move for approval of the proposed resolutions for adoption of the South Central Regional Water Authority meeting. July 25th, 2024 as presented in the materials recognized on the agenda. Today's agenda.

David:

Is there a second?

Catherine:

I second that.

David:

Is there any discussion?

Suzanne:

Yes.

David:

Okay.

Catherine:

So we had an extensive executive session discussing this opportunity and I think that this board feels strongly that the opportunity to protect land and water in Connecticut owned by, or oversight provided by the members of communities and the preservation of land and the resources around it is essential. And so for us, I think this fits with our vision, this fits with our strategy. It provides all organizations great benefits, and it would be well worthwhile pursuing from both entities' point view.

David:

Thank you. Other comments?

Suzanne:

I can't say it better than she just said it.

David:

It was a good summary. All right, any other comments again I'll ask. No? All right. Sensing you're ready to vote, all those in favor signify by saying aye.

Authority members:

Aye.

David:

Passes unanimously and clearly. With that, we will inform the RPB, they have some work to do. And I will take a motion to adjourn.

Kevin:

So moved.

David:

There's nothing else left on the agenda. Is there a second?

Catherine:

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I second.

David:

All those in favor signify by saying aye.

Authority members:

Aye.

David:

Thank you folks. Thank you management.