

REPRESENTATIVE POLICY BOARD

OCTOBER 24, 2024

MEETING TRANSCRIPTION

Bob:

Okay, everyone, we do have a quorum. Welcome to the Representative Policy Board October meeting, this is our regular meeting. First is the safety moment, and that has to do with fire safety. And I know I've read it in the past, it has to deal with not having handles and being very safe with fire. I know it's very dry and there is a big fire up in Berlin in which one of the firefighters has died. So be very careful with fire outside without any rain like we've had. Things are very dry. With the leaves coming down, it's only going to be even worse. So be very cautious. Public comment, I don't know if we have any public here who would like to take any time. If they do, we're going to allow them three minutes. And as far as having some comment, Sunny, do you have something you'd like to share at this time?

Sunny:

Sure. Thank you. Mr. Chair. Just a few minutes so we can introduce Mr. Victor Benni who has joined us as of the last two or three weeks as the Director of Engineering. So he comes from North Branford, he was the town engineer at North Branford. We kind of stole him from the town, so we are really happy, right?

So Victor if you want to elaborate a little bit more about your background? I think we are pretty happy to have it. [inaudible 00:02:54].

Victor:

Thank you, Bob. Again, Victor Benni. I'm actually kind of returning to home here in the past three years in North Branford, I actually was born and raised in Branford. So worked most of my private sector career in the New Haven County area for a couple of different survey and land-use development companies. So worked on a lot of projects with planning, zoning, commissions and permitted projects through state and local and federal levels too.

I'm also a certified floodplain manager that may come in handy at times. Yeah, especially with climate change issues going on. But I certainly want to say that I've been very impressed with both the authority as a whole and also the great team that Sunny has put together and along with I know all of your help to do that over at capital planning and delivered with the engineering team but really is, you know their skills and what they're capable of but they really do have a passion for what they're doing and I got the immediate sense of them being more of a family than most of the engineering teams that I've been around over my career. So with that, I'm looking forward to a hopeful remote career here and finishing out here. I know I probably have the grays, mostly all the grays that we're getting. Even though I grayed early in my career, but of course and [inaudible 00:04:30]. Any questions?

Bob:

I guess not at the present time.

RPB Members:

Welcome.

Tom:
Congratulations.

Jay:
[inaudible 00:04:50], you'll have your chances at [inaudible 00:04:50].

Bob:
Thank you. We will move on to the approval of last month's minutes.

Greg:
So moved.

Jamie:
Second.

Bob:
Any discussion? Hearing none. Will accept them as they've been presented. Communications next month on November 4th and also on the 18th we're going to be having presentation of the 10-year model. All RPB members can attend either or both meetings.

Greg:
Is that in person, Bob?

Bob:
I don't know. At the present time. I imagine it could be that or maybe even a hybrid. Would that be the preferred, a hybrid? Yeah, okay.

Jay:
You know I'll come.

Bob:
Yeah, I know you will.
Okay. Also the RPB quarterly dashboard report. I believe it's in the packets, you can look at that at your leisure. Items for consideration. We have something from the Nominating Committee. Tom.

Tom:
Yes we do. Thanks very much, Bob. And this will take the place of the presentation for the Nominating Committee in the report. So let me say that we have a resolution before us and why don't I entertain a motion or I'll make the motion for the resolution. And let me read that and then we'll open it up for discussion. I want to explain what the Nominating Committee has done here.
Resolved that Suzanne Sack, being hereby is reappointed as a member of the South Central Connecticut Regional Water Authority. Effective January 1, 2025. With her term to extend until January 1st, 2030, or until their successors appointed and has qualified. Is there a second?

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Jay:

I'll second.

Tom:

Very good, thanks very much. By way of discussion, let me indicate to you that we followed, this was not a rubber stamp. And I can express for myself that we see the function of the RPB when it comes to appointing a member of the Five Member Authority as perhaps the most important function. We have many great applications and all that. But in terms of fulfilling the office here, we had a great committee. We had the opportunity to provide and have the input of the CEO of the water company and also the chairman of the Five Member Authority. As well as the Office of Consumer Affairs, we had an opportunity to weigh heavily their input. We were able to modify slightly the criteria, which is quite important because we wanted to incorporate some trends in the industry. One being artificial intelligence and the other being acquisitions and mergers.

As this entity has moved more of a realization that non-core revenue is a function for the water company. And that also there's a decreasing consumption by our customers. So again, how do we do this? And the leadership of the authority has been quite active in this sphere for non-core revenue. After we had an opportunity to tweak the criteria, we went forward with a consideration of whether we go out in terms of advertising for the position. But before we did that, we wanted to have the opportunity to take into account, certainly have the benefit of the interview and experience that the incumbent brings, Ms. Sack. And she was quite helpful to us. One of the things I will admit is that she was free to say that she's not hesitant to speak her mind and I think that is an important quality or the Five Member Authority. Certainly qualified candidate incumbent experience in the private financial sector.

We have the experience certainly of Catherine LaMarr, one of our newer members of the Five Member Authority, who has great experience in the public sector of finance. So we thought and I'm speaking for the members of the committee, that she brought to bear some really important qualifications to continue in the position. And as a result, it was a unanimous decision by the Nominating Committee to propose her for another term. There was great diligence brought to bear here and a lot of input and I want to compliment the members of the Nominating Committee. I don't know if there's anything else any member of the committee would like to add.

Jay:

You developed the situation very well as we had a good group on the committee and none of the committee members held anything back as to their feelings to the person we were looking to have another service with. And you've demonstrated it for us very well, Tom.

Tom:

Well, thanks very much, Jay. We appreciate your participation input. And if there are no other questions, we have the motion on the floor.

Jay:

I'll second it, Mr. Chairman.

Bob:

Is there any discussion regarding the motion before us at this time?

Tim:

If I could just make a comment. It's not more jam in the sandwich, but I do think Suzanne has been an excellent, informative member of the Authority for me personally as we aggregate information and consume that so we can make our voices heard and our votes matter. And I've always since day one been able to appreciate her input. Just something very observable and evident. As it is in all of you, honestly. But she was right away on top of things, I thought. That was it, nothing more.

Tom:

Thanks, Tim. And to add to that, I do want to know that based on the enabling legislation, we're going to have an opportunity to expand the membership on the Five Member Authority. So there'll be an opportunity for that too. Thank you.

Bob:

Okay, all those in favor of the recommendation at the present time, please say aye.

RPB Members:

Aye.

Bob:

Any opposed? Voted and so ordered, thank you.

RPB Members:

Thank you.

Bob:

Okay. Next we have the final decision regarding the Rate Application. Jamie.

Jamie:

To read resolution one?

Bob:

Please.

Jamie:

No. Findings of fact.

Bob:

Findings of fact.

Jamie:

And then the associated financing.

Bob:

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Within the packet? Yeah, it should be.

Jamie:

Hold on, should be after the final decision?

Jennifer:

Yes.

Jamie:

Thank you very much. Thank you.

Representative Policy Board of the South Central Connecticut Regional Water Authority, October 24th, 2024. Proposed resolution. Approval of Authority's 2025 Rate Application dated July 29th, 2024. Resolved with the proposed findings of fact, conclusions of law and final decision of the Representative Policy Board with respect to the South Central Connecticut Regional Water Authority's application for the 2025 Rate Application dated July 29th, 2024, which copy is attached hereto, be and hereby is approved in the form submitted to the meeting.

Tim:

Second.

Bob:

Tim has seconded it. Is there any discussion at the present time?

Tim:

Second.

Bob:

Okay, any discussion? All those in favor please say aye.

RPB Members:

Aye.

Bob:

Any opposed? No? Insomnia. Okay. It is still favorably passed. Okay, now is there another one?

Jamie:

Resolution number one, resolution improving water rates and charges. Resolved that the Representative Policy Board of South Central Connecticut Regional Water District, the RPB, hereby approve the water rates and related charges set forth in the 2025 issuance test rate applications. The 2025 Rate Application filed by the South Central Connecticut Regional Water Authority or the Authority with the RPB on July 2024. And be it further resolved that the water rates and related charges set forth in the 2025 rate application attached hereto, shall become effective upon the delivery of all or a portion of the authorities' water system revenue bond. A portion of which may be issued as project loan obligations delivered to the state of Connecticut or the bonds.

The bonds are currently expected to be delivered on or about January 2025. The water rates and related charges affected by this resolution will be adjusted at the time of the sale of the bonds. In accordance with the table on page 29 of the 2025 rate application to reflect the interest rate on the bonds and resulting debt service. And be further resolved that the water and related charges established by the Authority and approved herein are hereby found to be just an equitable rates and charges, which together with other available funds will provide the Authority with funds and amounts sufficient for the purposes set forth in section 14 of the authorities enabling legislation Special Acts 77-98. As amended but not in absence of such amounts.

Now resolution number two. Resolution recruiting the issuance of the bond. Whereas the South Central Connecticut Regional Water Authority or the authority proposes to issue its bonds. Which may be issued as project loan obligations delivered to the state of Connecticut or the bonds in accordance with Special Act 77-98 as amended of the general assembly of the state of for the act and the water system revenue bond resolution. General bond resolution adopted by the authority and approved by the Representative Policy Board of the South Central Connecticut Regional Water District, the RPB on July 31st, 1980 as amended and supplemented the general bond resolution. And whereas the act authorizes the authority to issue its bonds from time to time but subject to the approval of the RPB. Now therefore be it resolved that the RPB hereby approves the issuance of the authority's bonds in an aggregate principal amount not to exceed \$45 million.

Number two, the bonds may be issued as obligations in one or more series pursuant to the bond resolution and a supplemental resolution to be adopted by the authority for each series of bonds. Each of which shall specify the amount of the bonds, the purposes for which the bonds are to be issued, the date or dates, maturities, sinking fund installments, if any. Interest rates, series, denominations form redemption prices, security provisions and such other details of the bonds as the authority shall determine in accordance with the limits established by the general bond resolution and hereby.

Number three, the purposes of the bond shall be to finance or refinance the cost of certain capital improvements to the water system of the authority or the projects from approximately January 2025 through June 2026 in accordance with [inaudible 00:18:43] capital improvement plan. The plan, adopted by the authority on June 27th 2024. And it may be amended from time to time or in accordance with resolutions approved by the authority for additional water system projects or resolutions to provide funds for deposit to the capital contingency fund, debt reserve fund and operating reserves. The general bond resolution that is permitted by the Internal Revenue Code of 1986 as amended and to pay costs of issuance. Four. The bonds may be sold by a competitive bid or by negotiation as serial or term bonds with stated maturities and may be sold in a private or direct placement into a bank or the state of Connecticut.

Bob:

Thank you, Jamie.

Jay:

I would make a second.

Bob:

Jay will second that. Okay, this one here. Why don't we do a roll call vote? So that everyone has a chance to show their opinion. Okay. Jennifer, you want to read them off?

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Jennifer:

Okay. Ansonia?

Tom:

Yes. Ansonia passes.

Jennifer:

Peter Betkoski, Beacon Falls?

Peter:

Yes, Beacon Falls passes.

Jennifer:

Bethany?

Tim:

In favor of the resolution.

Jennifer:

Cheshire?

Brian:

Yeah.

Jennifer:

East Haven's absent. Guilford?

Charles:

Favor.

Jennifer:

Hamden?

Stephen:

Yes.

Jennifer:

Killingworth?

Jamie:

In favor of the resolution.

Jennifer:

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Madison?

Joe:

In favor of the resolution.

Jennifer:

Milford is absent. New Haven?

Naomi:

In favor.

Jennifer:

North Branford is absent. North Haven? Is he here? He's absent. Orange?

Jay:

Oh, yes, yes. In favor of the resolution.

Jennifer:

Prospect?

Bob:

Yes, in favor.

Jennifer:

Seymour?

Mike:

Yes, in favor.

Jennifer:

West Haven?

Greg:

No.

Jennifer:

Woodbridge?

Mark:

Abstain.

And Vin Marino, Governor's Rep?

Vin:

Yes.

Jennifer:

That's 57.

Bob:

Okay. To our tally, the motions do pass. Thank you.

Tom:

Ansonia votes no.

Bob:

Okay. Mark, you passed also or?

Mark:

Abstained.

Bob:

Just abstain. Mark abstains then.

Jennifer:

He abstains. This is on this resolution?

Bob:

Yes.

Jennifer:

Okay.

Bob:

And that three take away?

Jennifer:

Majority of votes where a quorum is present?

Bob:

Yes.

Jennifer:

And then Tom Clifford?

Bob:

Peter Betkoski. Well he has zero votes.

Jennifer:

Peter Betkoski?

Bob:

Yes.

Jennifer:

He voted in favor didn't he?

Bob:

I think he passed, but he has zero votes.

Jennifer:

Zero? Okay. And Tom Clifford was nay, correct?

Tom:

Nay. I passed and then my vote is no.

Bob:

Okay.

Tom:

I'm going to oppose to the application.

Bob:

Is there a question about Brian Eitzer's vote? Brian, did you vote-

Jennifer:

He voted yes.

Brian:

I voted in favor of the resolutions.

Bob:

That's what I thought. Thank you. So majority of those present. We're good.

Mark:

Is majority of those present?

Bob:

Well, voting because we have some absent and we have some non-delegates.

Jay:

Let's get the majority.

Bob:

Yes.

Jamie:

The tally for the nay is not there, it's 12.

Bob:

11.

Jennifer:

What's 11?

Bob:

It's a tally for all the nays. I believe.

Jennifer:

We have one abstain, right? And then Tom was-

Bob:

Mark, you abstained.

Mark:

I know.

Jennifer:

Greg Malloy was a nay.

Bob:

Nay, yes.

Jennifer:

All right. I see what you're saying.

Bob:

So yes, with 50 votes in the positive, it is a pass. Thank you, everyone.

Tom:

Thank you.

Bob:

I believe the next consideration we have is the third quarter compensation of the members.

Tom:

Vote to move for approval of it found substantially correct.

Bob:

Do we have a second?

Peter:

Second.

Bob:

All those in favor of the compensation being approved, please say aye.

RPB Members:

Aye.

Bob:

Any opposed? Thank you very much. Got some reports. First, I'll have Finance Committee.

Vin:

Yes, thank you, Mr. Chairman, the Finance Committee met on October 7th, 2004. And after we reviewed our safety moment, the RWA's external auditor provided a presentation of the results of the RWA's audit and financial statements for the fiscal year ending May 31st, 2023. The RWA received a clean opinion with no incidents of noncompliance. A single federal audit was required for fiscal year 2024 with no reported issues. It is anticipated that a single federal audit will be necessary for fiscal year 2025 due to expected drinking water, state revolving fund loans and grants, as well as congressional directed spending. After we concluded that review, Rochelle provided us with a review of the first quarter of 2024 financial report. And we reviewed the RPB dashboard metrics for the first quarter of the fiscal year. Our next meeting is November 4th, 2024 at 5:00 PM. And I believe, Jennifer can correct me if I'm wrong, that it will be hybrid. And that is the end of the report.

Bob:

Thank you. Are there any questions? Hearing none. We'll move on to the Land Use Committee, Mark.

Mark:

Thank you very much. Mr. Chairman. Land Use Committee had its annual team meeting. I don't understand why board members don't come. [inaudible 00:27:24], that's how beautiful it is this time of year. What we as an organization are trying to preserve is actually fantastic. And the other part was we had a report from Captain Ruggiero.

RPB Member:

Yeah, Captain Ruggiero.

Mark:

And we got introduced to the three new officers. What really came out of that was how less problems are there because of the police department there. They're getting lots of compliments from area residents and businesses that they can't believe that they see our police department so active in the area, that was great to hear. And that they've given out some tickets and violations, but it's just that they're there when something happens. They have the cameras up and it's just made a huge difference as compared to what it was a year ago. And I'm so happy that our committee was really instrumental, I hope, [in getting the police department going and approved and it was very nice to hear the reports.

Jamie:

The one comment that was made, I don't remember if it was at a question, but the officer said that they received, in terms of a specific, there were fewer ATVs on properties because the word is out among people in the neighborhood. And so they're taking their ATVs off site to other trails. So just because that was the benefit that we're seeing.

Mark:

People in the area felt safer because of the presence of our police making patrols. Thank you.

Bob:

Thank you. Moving on to Consumer Affairs. Naomi?

Naomi:

Good evening, everyone. The Consumer Affairs Committee met on Monday October the 21st, we opened at 5:33PM. There was no members of the public there and we moved on. We were given a presentation by Prem, chief information digital officer on customer care. He gave us an update on the hybrid work schedule. And as of September 30th, 2024, the RWA employs a total of 310 full-time employees, 201 of those employees work on site while the other 109 are still in the hybrid schedule. He also reported that the model hasn't affected any performance as far as the RWA is concerned. We also discussed the personnel and the in-house support for the new customer information system as well as that. That was it. Yes, a person who was supposed to present for us that night was not there at the beginning of the meeting, but Dana did come on later on and she had no comments. And if so, we could all follow up with her after we read the report.

The motion was made by Steve and second. We had a report from the Consumer Affairs Committee or attorney, [inaudible 00:31:05]. He stated, "Currently we have no pending consumer complaints." Which is great to hear. I also reminded the board members there that they're currently taking donations to put together a basket for the RWA's teacup auction for the United Way. Our next meeting is going to be on Monday, November 18th at 5:30. We adjourned at 5:51PM.

Bob:

Thank you, Naomi. Does anyone have any questions? Hearing none, Tom, I think you've already described everything about nominating.

Tom:

I have.

Bob:

That means Executive Committee is me. We had our meeting last Wednesday, I believe. And was very good. We got an update from Sunny on some of the projects that are probably going to be coming up over, not recent or soon to be future, but some of the ones that are coming well into 2025. We also did approve our meetings that are going to be quarterly in 2025. And we also went into executive session and Rochelle gave us some update on the Blue Drop and how it's going. I guess that's all I'm going to say. I don't know if there's any questions or anyone else from executive wants to chide in if I've missed anything. Hearing none. We'll move on to Authority and management. David?

David:

Good evening, Mr. Chairman and members. Thank you. We had a full meeting this afternoon, it lasted till quite a while and the first item of business was the good news from the Pension and Benefit Committee. So Catherine's here to give her report.

Catherine:

Good evening. I am very pleased to report that we received our quarterly performance report from Morgan Stanley today, it was very favorable. The return for the quarter ended September 30th, 2024, including the VIVA and pension plans, was reported to be 6.05%. Which is 4.36 percentage points higher than the actual return for the quarter of 1.69% based upon a 6.75% annual rate of return. For the period December 31, 2023, through September 30th, 2024, the return was reported to be 12.07%, which is 7.01 percentage points higher than the return of 5.06% based upon our 6.75% annual rate.

For the period June 1st, 2024, through September 30th, 2024, which is fiscal year to date. The return report was 7.06%, which is 4.81 percentage points higher than the actual return of 2.25%. And for the 12-month period, September 2023 through September 2024, the reported of return was 21.46%, which is 14.71 percentage points above, I told you it was good, above the actuarial rate of return of 6.75%. For additional comparisons and returns over the three-year period, September 2021 through September 2024 was reported at approximately 4.58% over the trailing five years. 7.16% and the trailing eight years, 7.30.

This was a very good report. We had a very robust discussion about... Well, really interesting discussion about the appropriate asset allocation and future consideration of potential changes to the asset allocation, particularly with respect to the closed pension fund and the increase in the amounts that we're paying. But the eventual decrease in the amounts we'll have to pay in the future. And how we need to make sure that we have sufficient amounts to meet our obligations as they come due in the future. We also had a discussion... Morgan Stanley made a presentation about the costs that we have for our asset management. And we had a brief discussion about that and we'll be looking at what we can do about those fees, which are actually frankly fairly good. And again, Stanley's doing a good job for us. Any questions?

Jay:

Yes, just that wonderful ark of 21% compared to the general market performance for the same period. Did you ask that question?

Catherine:

The market has been strong.

Jay:

Yes, I think we knew that, but [inaudible 00:36:35].

Catherine:

Yes.

Jay:

I wouldn't have known it's that much or much less or much more.

Catherine:

So it's an interesting question, but from my perspective, the thing that is most important for us to consider for pension fund investment is we need to make sure that we're investing and our asset allocation is designed so that we're investing to... We're trying to hit that 6.7%. Because that 6.7% will allow us to have sufficient assets available to meet our obligations as they come due. I mean, would be lovely to just put 100% into a market that's going up, up, up. But of course that increases your volatility and we don't want to take those types of risks. We're looking to design our asset allocation so that we're going to meet our liabilities as they come due.

Tim:

Are we still contributing to the fund?

Catherine:

Yes.

Tim:

But there are no new or any new employees going to the pension fund?

Catherine:

No, that's correct.

Tim:

No more pension fund?

Catherine:

The pension-

Tim:

So only the ones that are right now?

Bob:

Presently, yes.

Catherine:

Yes, it's closed. The pension fund is closed.

Tim:

We have a 401?

Bob:

Mm-hmm.

Catherine:

Yes.

Tim:

The company contributes the same to all employees in the 401?

Catherine:

There is a defined contribution plan and the defined benefit plan is closed.

Tim:

Okay.

Catherine:

That's great.

Jay:

You may not know the answer or you may. The people who are in the pension fund, how many people are actually retiring per year?

Catherine:

Actually I do have those statistics, I just don't have them on me. Can I get back to you on... No, we actually discussed it for our meeting.

Jay:

Yeah.

Catherine:

Yeah, we can give it to you, it's in the audited financials. The back, yeah.

Jay:

Thank you. Great job.

Catherine:

I will get back to you. Are there any other questions?

Tom:

Keep up the good work.

Catherine:

I'd love to take credit for it, but there was somebody else that actually chaired this committee before me.

Jay:

The [inaudible 00:38:48], Larry, is a little higher.

David:

Yeah.

Catherine:

Because my crystal ball will predict, yeah.

David:

All right, thank you very much. We also sent you an application. We voted to send you a disposition of some property in Seymour, 4.9 acres. So you will review that we hope and give it to consideration. We actually had somebody involved with that from Seymour that came and spoke at our meeting. And so I suspect they'll be at your public hearing if you decide to accept the application and move forward to one. So somebody working with their trails and things like that. And with that, while Larry is here with us remotely, I'm going to Rochelle if she would give us the business report.

Rochelle:

Thank you. So after four months of actual results through September 30th, our overall operating revenues are just a little over \$300,000 under budget. That's less than 1%. Total water revenues are running under, they're under by about 2 million. However, other revenues are over by about 1.7 million. So that's really helping to offset. Our O&M operating expenses are under budget now by about 1.9 million, that's not unusual at this point in the year. And at this point in the year, there's various puts and takes, but we are anticipating that most of that is timing related. Also, going down to our coverage projection, we're projecting coverage of 117% with no shortfall. And this does not include the impact in the latter part of fiscal 25 relative to the rate application.

There's a few key reasons that we're at 117. You might recall that we actually did a refinancing in May of last year and how that was structured, it actually had a fairly significant favorable impact in fiscal 2025. Also, although our water revenues are projected to be under, we're offsetting that or mostly offsetting that in the other revenues. And pilot is coming in a little bit lower. So with all these puts and takes, we're projecting 117. For the storage and rainfall, this is as of October 16th. Water storage was at 76%. That compares to a long-term average of 67%. And also through October 16th, rainfall totaled 17.54 inches. And that is about only 0.28 inches higher than the long-term average.

David:

Parts of the states are-

David:

Yes. But not out right, not us. We have plenty of water. Are there any questions regarding that? And I would like to thank everybody for your support, both for the reappointment of Suzanne. We look forward to working with her for another five years and also for the rate case. We greatly appreciate that. That's our report. Any other questions or anything we can help you with? Thank you.

Bob:

Okay. I know I have a note here that because of the holidays in both November and December, our meetings are going to be moved up a week. So that will be to November 21st, and in December it will be moved up to the 19th. Office of Consumer Affairs? Any anyone else? As Naomi did mention the teacup auction for the United Way is going to happen. And at the Executive Committee, we decided that it would be good to seek RPB members to help prepare the basket or get the basket so Jennifer can prepare it. And she's accepting donations until Friday the 8th. Or you can give her some money tonight. Not required, but it's appreciated. I don't have anything else. I believe motion to adjourn would be in order?

RPB Member:

I want to thank Jennifer.

Bob:

Okay. Do that tonight, yeah.

Jennifer:

You're welcome.

Bob:

Okay. Motion to adjourn?

Brian:

So moved.

Naomi:

Second.

Bob:

Oh, Naomi seconded. All those in favor, please say aye.

RPB Members:

Aye.

Bob:

Thank you very much, we're adjourned.